

Multilevel marketing a way for achieving good social position by personality development

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ABSTRACT

Multilevel Marketing is an advanced form of formal direct selling, in which products are sold directly to the customers by independent business owners or distributors, usually in customers' homes without spending on advertising. Distributors are also encouraged by the multilevel marketing plan to build and manage a sales force by recruiting, motivating, supplying, and training others to sell the products or services, for building and managing this sales team, an independent business owner is highly dependent on his personal social connection and society. In this way the independent business owner and his success and failure is highly dependent on society. Multilevel Marketing is getting popularity as one of the most attractive options for those individuals who are searching alternative source of income or extra income opportunity with higher social status and happiness. Many people join it as a part time job which can help them to improve their social conditions and make a better use of their skills. Most of the time Multilevel Marketing is promoted by its distributors or agents as a tool of personality development and people think that they can develop or improve their personal skills, attitude, confidence, motivation level, presentation skill, interpersonal skills, leadership etc by doing their Multilevel Marketing business which can ultimately improve their personal and social life, but is it a reality or a myth. So there is a need to find out the reality of Multilevel Marketing and its role in personal and social development. This exploratory research will clear the picture of Multilevel Marketing and will help others to make a good decision about the involvement in Multilevel Marketing.

Key words: Multilevel Marketing, Direct selling, social aspect, Skill development, Personality development, Distributors, independent business owner.

1. INTRODUCTION

Multilevel Marketing (MLM) is a new marketing approach in which the sales force is compensated not only for their personal sales, but also for the sales of others members they introduce in MLM. Other terms for Multi-level marketing include network marketing, and referral marketing. In this new marketing approach the Independent, salespeople of multi-level marketing, referred to as distributors (or business associates, independent business owners, dealers, franchise owners, consultants, independent consultants, etc.), represent the company that produces the products or provides the services they sell. Their compensation based upon the volume of product sold through their own sales volume as well as that of their down line distributors. Independent distributors develop their organizations by either building an active customer, who purchase direct from the MLM Company, or through recruiting a down line of distributors who also build a customer base, thereby expanding the overall organization. Additionally, distributors can also earn a profit by retailing products they purchased from the company at wholesale price.

It is generally accepted that the multi-level marketing plan was first time introduced by the California Vitamin Company in 1945. The plan allowed its distributors with at least 25 regular customers to recruit new distributors and draw a 3 percent commission from their sales. Different from traditional direct selling concept, this was an ongoing payment whenever the customer re-ordered; allowing direct sellers to build a sales organization that could generate a regular and easy income. The idea of Multilevel Marketing has mushroomed as a universal concept in the last few years. With brands like Amway, Modicare, Herbalife, Oriflame, and Tupperware having become household names, people are beginning to recognize the benefits and advantages of this unique business model.

Multilevel Marketing is a relatively new sector in India but is growing at a fast pace. Companies are spreading their operations from metro to smaller cities and also trying to explore rural markets by using ecommerce. Many companies like Amway, Oriflame, Tupperware, Avon, Modicare, HUL Network, Swedeshi, RCM etc. have already established their presence in India and many more are exploring Indian market. Multilevel Marketing offers self-employment, extra earning, and Personality development opportunities to a large number of people. The number of independent business owners in India has almost doubled between 2004 and 2009. In terms of the number of independent business owners, India ranked 11th among the top Multilevel Marketing countries in 2009-10. The Multilevel Marketing

industry not only offers an alternative employment opportunity but has also helps in development of personal and business skills.

In an interesting survey on Network Marketing trends in India conducted by Be A Networker (BeAN), it has been found that there is a growing acceptance of Network Marketing as a mainstream profession in India, with a wider outreach in the metros. What makes the Multilevel Marketing approach interesting are factors like freedom to work at your own time and pace and additional residual income, besides the opportunity to be your own boss and this drives several people to venture into home-based businesses that promise steady and gradual success for ordinary people. Interestingly, the survey revealed that women seem to make better network marketers than men.

2. LITERATURE REVIEW

According to Biggart (1989) Entrepreneurship in network marketing industry is more than a type of economic action. "It is a powerful social ideal that came about with the emergence of capitalism". Business and social activities usually take part in different spheres; network marketing brings sales activities into their home and other places. Network marketing involves both social and monetary exchange. Frezen & Davis (1990), Wotruba Pradeep (1992) found that people who were motivated by factors such as social rewards, the sense of self satisfaction and accomplishment and flexible working hours generally have higher productivity in their sales performance.

Coughlan and Grayson (1998) divide motivational factors of MLM with regards to members into monetary and non-monetary factors. Monetary factors comprise mainly of expectations towards the monetary incentive offered to organization members. Non-monetary factors include social factors such as the creation of social relationships between members.

According to Nonaka(1999) social factors are more powerful amongst successful members or members in the upper level of the network and members in the lower levels of the network motivated by monetary and social factors. "The importance of social factors apparent in the actions of these members, who opted not to leave the business but to remain within the membership organization even in cases where economic success was not achieved" Pratt(2000). Network marketers work collectively to create an inspirational environment, social relations in NMOs frequently exert a great influence on network marketer behaviors than economic rationality Bhattacharya & Mehta (2000)

Kuntze (2001) found that MLM distributors claim themselves as a way for the "ordinary" person to attain wealth and status without any barriers to entry. According to Direct Selling Association, USA (2002) people choose direct selling because direct selling is a good way to meet and socialize with people. According to Robert L. Fitzpatrick (Ten Big Lies of Multilevel Marketing) (2002) The growth of MLM is the result of deceptive marketing that plays upon treasured cultural beliefs, social and personal needs, and some economic trends, rather than its ability to meet any consumer needs.

Sparks & Schenk,(2006)defined influence of the social environment in NMOs as the influence of training/events (activities) organized by network marketing organizations and the role models set by other network marketers.

P. Sreekumar in his research "A Study of Multi-Level Marketing" found that Many people realize their true potential and selling skills after joining a good Multi Level Marketing network. So the Multi Level Marketing members look at the business as income, fun and self development. The early negativism in the society about Multinational Multi Level Marketing companies like Amway is gone now.

Abdul Assis Koroth (2011) Majority of respondents have a strong relationship with their sponsors. Foundation of MLM and the management of network are built up on relationships. According to Daniels Fund (2013) many people enters the industry to purchase products and is not trying to earn a regular income. These people become distributors because they enjoy the social interaction.

3. OBJECTIVES OF THE STUDY

There is a need for a systematic and comprehensive study of Multi Level Marketing and its impact on selected aspect (personal, social, financial, overall) of its Distributors on the basis of personal variables such as gender ,age, education ,place of residence in India. Further, considering the environmental factors it is important to explore the factors on which the social life depends; with this background the following objectives are set with an aim to investigate the possible linkages of social aspect and Multi Level Marketing:

1. To assess personal variable wise impact of Multi Level marketing with respect to selected social aspect of its distributors.
2. To assess correlation between selected social aspect of its distributors.

4. HYPOTHESIS

- H₁** Multi Level marketing is directly related to selected social aspect of distributors.
H₂ Association with Multi Level marketing is good for social life of its distributors.

5. RESEARCH METHODOLOGY

Primary data was collected from the multilevel marketing distributors who have been distributing products for a major direct selling firm since at least two years in different districts of Madhya Pradesh. The questionnaires were personally distributed by snow ball sampling technique to distributors and collected back from respondents at different multilevel marketing training venues, total 154 completed questionnaires were received, .data interpretation and Hypothesis testing is done with the help of SPSS for this Pearson Correlation (2-tailed) method and different statistical tools were used.

6. DATA INTERPRETATION

This part of the analysis shows the demographic characteristics of the respondents. This is followed by a question-by-question analysis of the results of the study

Table 6.1: Gender

Gender	Frequency	Percentage
Male	118	76.6
Female	36	23.4
Total	154	100.0

Table 6.1 shows the profile of multilevel marketing distributors' gender wise. There were 118 male and 36 female respondents. This means that that out of total respondents 77% were males and only 23% were females. This indicates the very low participation off female distributors in MLM activities.

Table 6.2: Age

Age	Frequency	Percentage
18 – 30 Years	11	7.1
30 – 40 Years	41	26.6
Above 40 Years	102	66.2
Total	154	100.0

The table 6.2 shows that out of the 154 respondents 11 were aged between 18 and 30 years, 41 were aged between 30 to 40 years and 102 were aged 40 and over. 102 distributors belong to the age category of Above 40 Years old, it is concluded that they are more fascinated to multilevel marketing than other age groups.

Respondents were asked to indicate their place of residence such as urban, rural, as this variable may have influenced respondents' exposure to multilevel marketing, personality development opportunities and social life. The resultant figure is given in.

Table 6.3: Place of residence

Residence	Frequency	Percentage
Urban	90	58.4
Rural	64	41.6
Total	154	100.0

The table 6.3 shows that 58% MLM distributors lives in urban area and 42% lives in rural area. Thus it is found that more than half of respondents resided in urban areas. This is typical result that indicates the lack of participation from rural areas in MLM.

Education of Respondents

All of the participants were asked about their education level attained, as access to the educational system might have provided an opportunity of being introduced to personality development opportunities and social life.

Table 6.4: Education level

Education	Frequency	Percentage
H. S. School	47	30.5
Graduation	57	37.0
Post graduation	50	32.5
Total	154	100.0

As shown in table 6.4 it is found that 30.5% respondents have H.S. School qualification, while 37% respondents were graduate and 32.5% respondents were Post graduate.

Table 6.5: Association as MLM distributor

Association as MLM distributor	Frequency	Percentage
2-5 Years	58	37.7
5 Years and above	96	62.3
Total	154	100.0

The table 6.5 shows that 38% respondents have been associated with MLM since 2-5 years as a distributor while 62% respondents have the association with MLM since more than 5 years as a distributor.

Table 6.6: Present job status as a MLM distributor

	Frequency	Percentage
Full time job	65	42.2
Part time job	89	57.8
Total	154	100.0

Table number 1.6 shows that 42% respondents are doing their MLM as a Full time job while 58% respondents are doing their MLM as a part time job.

6.1. Correlation between selected social aspects of distributors with respect to multilevel marketing

Table 6.8 : Table showing different social aspects of distributors with respect to multilevel marketing.

Correlations										
		Association	Confidence	motivation	Presentation skills	teamwork	leadership	Recognition	Communication	Interpersonal skills
Association	Pearson Correlation	1	.566**	.596**	.549**	.488**	.490**	.503**	.537**	.537**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000
	N	154	154	154	154	154	154	154	154	154
**. Correlation is significant at the 0.01 level (2-tailed).										

The correlation between selected social aspects of distributors is analyzed using Pearson correlation through SPSS software. It is found that there is positive correlation between multilevel marketing and selected social aspects of distributors (table 6.8). Hence it is interpreted that there is a significant correlation between selected social aspects of distributors with respect to Multi Level marketing (P value is less than 0.05 in 2-tailed). Therefore the null hypothesis is rejected and alternate hypothesis is accepted. Multilevel marketing is directly related to selected social aspects of distributors.

6.2. Personal variable wise impact of Multi Level marketing with respect to selected social aspect of its distributors

6. 2. 1 Social position:

Results in table 6.9 showing that out of 154 respondents 68 male and 24 female were strongly agree, 31 male and 4 female were agree with the statement that MLM is good for achieving social position. But 16 male and 7 female respondents were disagree, 3 male and only 1 female was strongly disagree with the statement that MLM helps in achieving good social position.

Out of total 154 respondents majority of respondents of all age group 92 strongly agree and 35 were agree with the statement that that MLM helps in achieving good social position. ,But 8 respondents from 30-40 age group and 15

from 40 and above age group were disagree only 4 respondents from 40 and above age group were strongly disagree with the statement that that MLM helps in achieving good social position.

table 6.10 showing that out of 154 respondents 74 urban and 18 rural were strongly agree, 15 urban and 20 rural respondents were agree with the statement that that MLM helps in achieving good social position. 1 urban and 22 rural respondents were disagree and 4 rural respondents were strongly disagree with the statement that that MLM helps in achieving good social position.

As shown in table (6.10) respondents who are having only H. S. school level education ; 29 strongly agree,11 agree,7disagree while respondents who are graduate ; 27 strongly agree,16 agree,12 were disagree with the statement that MLM helps in achieving good social position, and respondents who are post graduate ; 36 strongly agree,8 agree,4 were disagree with the statement that MLM helps in achieving good social position.

Table 6.9: Personal variable wise impact of Multi Level marketing with respect to selected social aspect of its distributors

Social Aspects	Responses	Gender			Age			
		Male	Female	Total	18-30 Years	30 - 40 Years	Above 40 Years	Total
Social position	Strongly agree	68	24	92	9	26	57	92
	Agree	31	4	35	2	7	26	35
	Neutral	0	0	0	0	0	0	0
	Disagree	16	7	23	0	8	15	23
	Strongly disagree	3	1	4	0	0	4	4
Empowerment	Strongly agree	67	24	91	9	26	56	91
	Agree	33	8	41	2	8	31	41
	Neutral	0	0	0	0	0	0	0
	Disagree	18	4	22	0	7	15	22
	Strongly disagree	0	0	0	0	0	0	0
Social competence	Strongly agree	69	24	93	10	26	57	93
	Agree	37	9	46	1	11	34	46
	Neutral	0	0	0	0	0	0	0

	Disagree	12	3	15	0	4	11	15
	Strongly disagree	0	0	0	0	0	0	0

6. 2. 2. Empowerment:

Results in table 6.9 showing that out of 154 respondents 67 male and 24 female were strongly agree, 33 male and 8 female were agree with the statement that MLM is good for achieving social position. But 18 male and 4 female respondents were disagreeing, with the statement that MLM helps in empowerment.

Out of total 154 respondents majority of respondents of all age group 91 strongly agree and 41 were agree with the statement that that MLM helps in achieving good social position. , But 7 respondents from 30-40 age group and 15 from 40 and above age group were disagree with the statement that that MLM helps in empowerment.

table 6.10 showing that out of 154 respondents 73 urban and 18 rural were strongly agree, 16 urban and 25 rural respondents were agree with the statement that that MLM helps in empowerment. 1 urban and 21 rural respondent were disagree with the statement that that MLM helps in empowerment.

As shown in table (6.10) respondents who are having only H. S. school level education ; 29 strongly agree,12 agree,6disagree while respondents who are graduate ; 27 strongly agree,20 agree,10 were disagree with the statement that MLM helps in empowerment, and respondents who are post graduate ; 35 strongly agree,9 agree,6 were disagree with the statement that MLM helps in empowerment.

Table 6.10.Personal variable wise impact of Multi Level marketing with respect to selected social aspect of its distributors

Social aspects	Responses	Place of residence			Education				
		Urban	Rural	Total	H. S. School	Graduation	Post graduation	Total	
Social position	Strongly agree	74	18	92	29	27	36	92	
	Agree	15	20	35	11	16	8	35	
	Neutral	0	0	0	0	0	0	0	
	Disagree	1	22	23	7	12	4	23	
	Strongly disagree	0	4	4	0	0	0	0	
Total		154			Total				154

Empowerment	Strongly agree	73	18	91	29	27	35	91
	Agree	16	25	41	12	20	9	41
	Neutral	0	0	0	0	0	0	0
	Disagree	1	21	22	6	10	6	22
	Strongly disagree	0	0	0	0	0	0	0
Total		154			Total			154
Social competence	Strongly agree	74	19	93	29	28	36	93
	Agree	16	30	46	15	22	9	46
	Neutral	0	0	0	0	0	0	0
	Disagree	0	15	15	3	7	5	15
	Strongly disagree	0	0	0	0	0	0	0
Total		154			Total			154

6. 2. 3. Social competence:

Results in table 6.9 showing that out of 154 respondents 69 male and 24 female were strongly agree, 37 male and 9 female were agree , But 12 male and 3 female respondents were disagreeing, with the statement that MLM helps in improving social competence. Out of total 154 respondents majority of respondents of all age group 93 strongly agree and 46 were agree with the statement that that MLM helps in achieving good social position. , But 4 respondents from 30-40 age group and 11 from 40 and above age group were disagree with the statement that that MLM helps in improving social competence.

Table 6.10 showing that out of 154 respondents 74 urban and 19 rural were strongly agree, 16 urban and 30 rural respondents were agree , but 15 rural respondents were disagree with the statement that that MLM helps in improving social competence.

As shown in table (6.10) respondents who are having only H. S. school level education ; 29 strongly agree,15 agree,3 disagree while respondents who are graduate ; 28 strongly agree,22 agree,7 were disagree with the statement that MLM helps in empowerment, and respondents who are post graduate ; 36 strongly agree,9 agree,5 were disagree with the statement that MLM helps in improving social competence.

7. CONCLUSION

A Multi Level marketing distributor who remains with MLM for long time (at least for two years) will get opportunities to improve their presentation skills, communication skills, motivation levels and inter personal skills. Distributors realize their true potential and selling skills after joining and remaining with a good MLM network. That way, it helps them in empowerment, improving social competence and achieving good social position. So the MLM provide an opportunity to its distributors to earn income, self development and good social life for all sections of society.

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