



**DETERMINANTS OF DISTRIBUTORS' MOTIVATIONAL
FACTORS IN MULTI-LEVEL MARKETING IN KWAZULU-NATAL**

Submitted in fulfilment of the requirements of the
Master of Management Sciences
Specializing in
Marketing
in the
Faculty of Management Sciences
at the Durban University of Technology

EUNICE BOLANLE AKINDEJI

SEPTEMBER 2022

Supervisor: _____

B Paed (Com); B Com (Hons); M Com; PhD

Date: 08.09.20222 _____

DECLARATION

I, Eunice B Akinde i, hereby declare that this dissertation is original, and that all material used has been acknowledged and clearly referenced. A bibliography is included in this dissertation

This work has not been submitted to any other institution or to obtain other degrees

I hereby give permission for this work to be made available for inter-library loans, photocopying and to any interested organisations.

Signature

Date.... 08/09/2022..

DEDICATION

I dedicate this work to God Almighty that has helped me to complete this work successfully.

Also, to my late parents, Chief and Mrs. Ajibade and Esther Akinloye, and my husband, Dr. Kayode Timothy Akindeji.

ACKNOWLEDGEMENTS

I thank God Almighty for the wisdom, knowledge, understanding and strength to finish my study. My profound gratitude goes to my supervisor, Prof. J.P. Govender, for painstakingly guiding me throughout this work.

The assistance and support received from Mr. Obagbuwa Oloyede, Dr. Eustache Tanzala, Tessa Reddy, Karel Nzita Mayemba and Paul Issock are acknowledged.

I acknowledge and appreciate the bursary received from the National Research Foundation (NRF). My appreciation also goes to staff of the faculty of Management Sciences, the Department of Marketing and Retail Management, Research and Post Graduate Studies.

Finally, I thank my husband and children for their prayers and love always. To all my siblings, thank you for being there for me.

ABSTRACT

It has become obvious that multi-level marketing (MLM) is gaining momentum in industries as many companies are adopting MLM strategy to save and cut costs on advertising and middlemen. A few studies have been conducted in other countries on multi-level marketing, but there is a gap in knowledge with respect to the South African market. For this reason, there is a need to research factors influencing distributors in engaging in multi-level marketing, to understand the opportunities and the benefits that the business entails. The rationale of this study was to provide new insights for the distributors into the factors that motivate multi-level marketing. Therefore, the aim of this study was to determine the motivational factors that influence distributors in engaging with MLM companies in KwaZulu-Natal.

The study adopted a quantitative research approach, where the data obtained was descriptive in nature. The research population was made up of 368 distributors engaging in MLM within KwaZulu-Natal. Convenience sampling was used. The sample size was selected by administering a questionnaire to those distributors available to the researcher. The results were then analysed using the Statistical Package for Social Sciences (SPSS) Version 26.0 software. Validity was addressed by conducting a pre-test of the questionnaire, and the study's reliability was measured using Cronbach's Coefficient Alpha test.

The findings showed that compensation package, discount on the product, quality product, methods of distinguishing between MLM and Ponzi/pyramid schemes, and up-line and management support influence distributors motivational factors. The results also showed that discount on the product did not influence distributors.

Recommendations are made to industry and companies to increase their knowledge of these important factors in order to attract and retain more distributors in their businesses and improve their marketing strategy for growth and expansion.

Key words: *Multi-level marketing, Compensation package, Distributors, Product discount, Direct selling, Differentiation pyramid/ponzi, Product quality, Motivational factors, Upline, Management support.*

TABLE OF CONTENTS

DECLARATION.....	i
DEDICATION	ii
ACKNOWLEDGEMENTS	iii
ABSTRACT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES.....	ix
ACRONYMS AND ABBREVIATIONS	x
CHAPTER 1 INTRODUCTION TO THE STUDY.....	1
1.1 Introduction.....	1
1.2 Background to the study.....	1
1.3 Statement of the research problem.....	4
1.4 Research aim.....	5
1.5 Research objectives.....	5
1.6 Hypotheses aligned to the research objectives.....	6
1.7 Rationale for the study.....	6
1.8 Delimitations of the study.....	7
1.9 Outline of the dissertation.....	7
CHAPTER 2 LITERATURE REVIEW.....	9
2.1 Introduction.....	9
2.2 Theoretical framework.....	9
2.2.1 Maslow's Hierarchy of Needs.....	9
2.2.2 Herzberg's Two-Factor Theory.....	10
2.3 Empirical review of MLM.....	13
2.3.1 A global perspective on MLM.....	14
2.3.2 Overview of MLM in Africa.....	17
2.3.3 Overview of Trends in MLM in South Africa.....	17
2.4 Distributors' motivation in MLM.....	22
2.5 Direct selling in MLM.....	23
2.5.1 Types of Direct Selling.....	24
2.6 Word-of-mouth marketing.....	25
2.6.1 Effective Power of Word-of-Mouth Marketing.....	26
2.6.2 Personal Selling.....	31
2.6.3 Direct Marketing.....	32
2.7 MLM method versus traditional marketing.....	33
2.8 New era and of the MLM industry.....	34
2.9 Benefits of MLM.....	35
2.10 Distributors of MLM.....	39
2.11 Importance of relationships in MLM.....	41
2.12 The difference between MLM and pyramid schemes.....	42
2.13 The difference between MLM and Ponzi schemes.....	44
2.14 Effect of a quality product in MLM.....	45
2.15 Benefits of discounts on the products in MLM.....	47
2.16 The distributor's satisfaction in MLM.....	47
2.17 Influence of compensation packages in MLM.....	48
2.18 MLM up-line and management support.....	49

2.19	Conceptual framework of the study.....	50
2.20	Conclusion.....	52
CHAPTER 3 RESEARCH METHODOLOGY.....		53
3.1	Introduction	53
3.2	Research design	53
3.3	Target population	54
3.4	Sampling method	54
3.5	Sample selection and size.....	55
3.6	Measuring instrument.....	56
3.7	Data analysis.....	57
3.7.1	Descriptive Statistics.....	57
3.7.2	Exploratory Factor Analysis	57
3.7.3	Correlation Analysis.....	58
3.8	Pre-testing.....	58
3.9	Delimitations/scope	58
3.10	Validity	59
3.11	Reliability	59
3.12	Anonymity and confidentiality.....	60
3.13	Ethical consideration.....	60
3.14	Conclusion	61
CHAPTER 4 FINDINGS OF THE STUDY		62
4.1	Introduction	62
4.2	Response rate.....	62
4.3	Research instrument.....	62
4.4	Reliability statistics	63
4.5	Demographics of respondents	64
4.6	Other descriptive statistics	68
4.7	Descriptive analysis of constructs	70
4.7.1	Distributor Motivation	71
4.7.2	Methods of Distinguishing between MLM and Pyramid Schemes.....	75
4.7.3	Compensation package.....	77
4.7.4	Up-line and management support.....	79
4.7.5	Discount on Products.....	81
4.8	Exploratory factor analysis	85
4.9	Reliability of constructs.....	88
4.10	Standard multiple regression	89
4.11	Assumption of multicollinearity.....	90
4.12	Correlation analysis	90
4.13	Model Evaluation	93
4.14	Hypotheses testing	93
4.15	Conclusion	94
CHAPTER 5 CONCLUSIONS AND RECOMMENDATIONS		96
5.1	Introduction	96
5.2	Summary of the study	96
5.3	Achievement of the research objectives.....	98
5.3.1	Objective 1: To examine the methods of identifying the difference between MLM and Ponzi/Pyramid schemes.....	98
5.3.2	Objective 2: To investigate the influence of a good understanding of quality and innovative products related to distributor satisfaction in MLM.....	98

5.3.3	Objective 3: To ascertain the influences of an attractive compensation package for the distributors of MLM.....	99
5.3.4	Objective 4: To establish if a discount on the product can motivate distributors in joining MLM	99
5.3.5	Objective 5: To determine the influences of Up-line and management support contributing to the success of distributors.....	100
5.4	Contribution of the study	100
5.5	Limitations of the study.....	101
5.6	Recommendations	102
5.7	Suggestions for further studies.....	103
5.8	Conclusion of the study	103
	LIST OF REFERENCES.....	105
	ANNEXURES.....	117
	Appendix A: Letter of Information.....	117
	Appendix B: Consent letter	119
	Appendix C: Questionnaire	120
	Appendix D: Gatekeeper letter	127
	Appendix E: Editor's Certificate.....	129

LIST OF TABLES

Table 2-1: 2020 list of the top 6 network marketing companies in the world.....	21
Table 2-2: Difference between MLM and Ponzi schemes	45
Table 3-1 Sample size.....	55
Table 4-1: Research instrument sections	63
Table 4-2: Reliability of Constructs and Cronbach's Alpha Scores	63
Table 4-3: Quality and innovative product	71
Table 4-4: Product quality of MLM company is a motivational factor that influences distributors.....	73
Table 4-5: Methods of Identifying the difference between MLM and pyramid schemes	75
Table 4-6: Compensation package motivating distributors of multi-level marketing: 77	
Table 4-7: Up-line and management support	79
Table 4-8: Discount on products given by the MLM company's.....	81
Table 4-9: KMO Bartlett's Test	85
Table 4-10: Total Variance Explained.....	86
Table 4-11: Rotated component matrix	87
Table 4-12: Normality	89
Table 4-13: Collinearity statistics	90
Table 4-14: Correlations	92
Table 4-15a: Model predicting distributor motivation	93
Table 4-17: Dependent variable: distributor motivation	94

LIST OF FIGURES

Figure 2-1: Maslow's Hierarchy of Needs Theoretical Framework	10
Figure 2-2: Herzberg's Two-Factor theory.....	12
Figure 2-3: Network marketing / Direct salesforce	19
Figure 2-4: : Network marketing / Direct sales	20
Figure 2-5: Power of word-of-mouth.....	27
Figure 2-6: Consumer buying behaviour process.....	28
Figure 2-7: Network marketing versus traditional marketing	33
Figure 2-8: Distributor motivation factors.....	51
Figure 4-1: Gender composition	65
Figure 4-2: Age distribution of respondents.....	65
Figure 4-3: Marital Status	66
Figure 4-4: Racial composition of the sample population	67
Figure 4-5: Highest education levels	67
Figure 4-6: Specification of completed grade	68
Figure 4-7: Source of knowledge about the MLM business.....	69
Figure 4-8: Key factors that sparked interest in the MLM business	70
Figure 4-9: Highest mean scores of items.....	83
Figure 4-10: Overall mean scores	84

ACRONYMS AND ABBREVIATIONS

ACP	Attractive Compensation Package
DR	Demograph Respondent
DSASA	Direct Selling Association of South Africa
DUT	Durban University of Technology
GDP	Gross Domestic Product
KMO	Kaiser Meyer Olkin
KZN	KwaZulu-Natal
MLM	Multi-level marketing
MLMS	Multi-level marketing system
MMM	Ponzi &Pyramid Scheme
QIPS	Quality innovative products services
SLM	Single-level marketing
SPSS	Statistical Package for Social Sciences
VIF	Variance Inflation Factor
WFDSA	World Federation of Direct Selling Association
WOM	Word of mouth

CHAPTER 1

INTRODUCTION TO THE STUDY

1.1 Introduction

Multi-level marketing (MLM), one of the fastest-growing non-retail systems, has been adopted by many companies in recent years and is gaining momentum in business circles. It is a strategy that has addressed some of the defects associated with distribution channel, promotion and advertising. It has brought significant benefits to the direct selling and MLM industry which have afforded numerous opportunities for unemployed and under-employed individuals. This chapter focuses on the background of MLM and its target population of distributors of MLM. The chapter presents the research problem and the aim and objectives of the study. It also addresses the rationale behind the study and briefly explains the research methodology adopted for the study. Lastly, the delimitations and the chapter outlines are presented.

1.2 Background to the study

MLM was introduced in 1945, which works on the premise of retailing through a network of distributors and the recruitment of new members (Balasescui 2020; Sobaih, Ghannam and Aliedan 2021:761) It is a network marketing concept that started after the post-World War II phenomenon by companies such as Amway, Shaklee, and Mary Kay (Balasescui 2020; Kumar and Satsangi 2018:102). The California Vitamin Company first introduced MLM in 1945. Its MLM structure permitted its distributors with 25 regular customers to recruit new members and make a three percent commission from their sales (Khare and Verma 2016). In addition, the founder of California Vitamin Company (Nutilife Product, Inc.), rather than allowing his salesmen to receive a once-off payment like salary, structured a way of earning a steady income by recruiting other new members (Wrenn and Waller 2021:424). Californian Vitamin Company found that most of their customers consisted of family and friends of their existing sales force. They initially referred them to the company as they were satisfied with the product offered.

Impressed customers joined new team members and the commission model was developed in the process. This was how network marketing emerged (Wrenn and Waller 2021:424). This has grown exponentially because many companies have adopted the system. Amway is the world's largest MLM company and the 25th largest privately held firm in the USA, operating in over 100 countries worldwide (Grob and Vriens 2017 :333). In 1972, Amway Corporation acquired Nutrilite, and the organisation now dominates the direct selling industry in the United States. The World Federation of Direct Selling Association (WFDSA) is currently the world's largest federation in the MLM industry (Meei Liou 2018: 116).

Considering this, large companies are rethinking their future marketing strategies to get to their customers using the tactic of MLM. It is observed that the concept has caught the attention of distributors and the public (Ezekiel and Toba 2020: 64). In addition, the MLM approach is the principle that promotes sharing with a good compensation plan package, which enhances profits to earn from direct and indirect recruitment (Backman and Hanspal 2022:1Singh, Verma, Jaiswal, Singh and Singh 2019: 203; Roman *et al* 2021:27). Thus, effective recruitment and retention are essential for MLM companies' sustainability and survival; in essence, the ability to recruit new members and retain them remains a significant focus for distributors and the organisation (Razimi, Romle and Yahya 2017: 12).

Previous studies by Sulong, Caneza and Geetha (2017: 357) and Liman, Aliyu and Halliru (2020: 160) showed that motivational factors contributed to the significant strides that MLM businesses have enjoyed in recent times. Such factors include the compensation plan, product quality, and many more. Also, Lee, Lai and Loi (2016: 106) emphasised that the method of diffusing business opportunities, perceived quality of recruiting practices, perceived quality of the training programme and up-line involvement are also motivational factors that influence distributors. Moreover, Comer, Machleit and Ligase (1989, as cited in Lee, Lai and Loi 2016: 107) found that distributors are motivated by their attitude toward their jobs, co-workers, supervisors, company policy and support, remuneration and customers. Given the above, various motivational factors have been shown to have influenced distributors to engage in MLM.

Additionally, many studies relating to MLM vis-à-vis motivational factors have been carried out in Asian countries. Such studies are limited in the African continent, especially in South Africa. Therefore, this study examines the factors that determine distributors' motivation in MLM marketing companies that are in operation in KwaZulu-Natal. The justification for this study grew because of the increase in the MLM business today, especially the motivational factors and the opportunities provided by engaging in MLM through a distributor. In today's marketing system, MLM has evolved as an effective alternative to traditional, personal and affiliate marketing.

MLM has proven to generate employment for individuals, allowing them to be financially empowered in giving them a source of income generation (Sobaih, Ghannam and Aliedan 2021:768; Keong and Dastane 2019: 5). The distributor's motivational factors are product quality, up-line support, compensation plan and many more. Jain, Singla and Shashi (2015: 906) suggested that the attractive compensation plan of multi-level marketing is a significant factor that motivates the distributors to work effectively and efficiently in MLM. This study is vital because MLM is becoming a common marketing approach in today's marketing world. Because of the high unemployment rate, survival is imperative in society. According to Effiom and Effiong (2015: 523), MLM companies play a significant role in poverty alleviation, providing a means of income generation and wealth creation. Furthermore, people are looking for alternative jobs to earn income and become financially stable.

While MLM has proven to be one means of empowering individuals, there is a need to identify the motivating factors that will motivate distributors and attract more people to join MLM and retain them. Hence, if MLM is to continue as a form of business, the need for the distributor to be motivated becomes paramount. This study aims to explore the factors that motivate distributors in MLM companies and empower individuals by employment creation. Apart from the employment of adults, the research will explore MLM as a means of youth employment, thus reducing unemployment. MLM can generate employment for those who are unemployed and supplement the income of others, thereby reducing the level of poverty. MLM may also add increase the numbers of small and medium scale

enterprises in the economy, ultimately increasing the contribution to Gross Domestic Product (GDP).

1.3 Statement of the research problem

The MLM industry has brought about dynamic changes in the world of marketing. MLM companies have provided a means of income and financial stability to the distributors through an attractive compensation plan. However, MLM has faced numerous issues that discourage interested parties such as distributors and customers. The problems are that MLM is often regarded as a Ponzi scheme, pyramid scheme, financial scam or other associated illegal get-rich plan. These schemes often provide false expectations, exaggerated promises of returns, and other deceptive marketing practices (Grob and Vriens 2017: 334); for instance, the collapse of MMM Global, established in 1989 by Sergei Mavrodi, his brother Vyacheslav Mavrodi, and Olga Melnikova (the name of the company was taken from the first letters of the three founders' surnames). In South Africa, the online Ponzi scheme cost a single-family a combined loss of R1.3m and many other families were victims of this scam (Fin24, 2017). Because of the similarities between this online Ponzi scheme and MLM marketing in terms of structure and operations, people become confused in differentiating between the two.

However, the integrity of whoever is introducing the MLM business, identifying the difference between MLM and a Ponzi scheme and distributors' satisfaction remain challenges. Moreover, the image of MLM companies has been damaged by false companies using these schemes in the industry. As a result, distributors face a huge task in convincing people to participate in MLM marketing. Hence, the MLM distributors need to be highly motivated to get the job done. Distributors face the challenges of convincing themselves and customers to join MLM and, even when they have joined, to remain with them because people are sceptical over these lingering matters despite the profitable return of rewards that MLM brings.

Despite the issues identified above, MLM companies are doing well and are thriving all over the world. For example, Amway, Longrich, Avon, and Tupperware have consistently

and effectively created their market share in many countries around the globe. The MLM business model and compensation rewards are believed to be one of the success track records for many distributors. These are motivational factors that the distributors enjoyed from the MLM companies (Sulong, Caneza and Geetha 2017). The absence of distributors would automatically be the end of any MLM companies. Therefore, attracting more distributors and retaining the existing ones becomes imperative for MLM companies. In addition, the growth of MLM companies will be enhanced if the right motivational factors are identified and utilised appropriately. However, the lack of information on what differentiates the procedures and approaches of a Ponzi scheme from MLM instills fear in potential distributors.

The benefits such as reducing unemployment, alleviation poverty and contributing to the national GDP which come from MLM companies have not been profiled in the provinces across South Africa. This therefore leaves a gap regarding determinants of distributors' motivational factors in this country. Furthermore, research on motivational factors vis-à-vis success of MLM companies is limited in South Africa to the best of the researcher's knowledge. This study examines the motivational factors and their relationship to the success of MLM companies operating within KwaZulu-Natal in South Africa.

1.4 Research aim

This study aims to determine the motivational factors that influence distributors to engage with MLM companies in KwaZulu-Natal.

1.5 Research objectives

- To determine the difference between MLM and a Ponzi/Pyramid scheme.
- To investigate the influence of a good understanding of quality and innovative product as it relates to distributors' satisfaction in MLM.
- To establish whether a discount on the product can motivate distributors in joining MLM.

- To ascertain the influence of an attractive compensation package on the distributors of MLM,
- To determine the influences of up-line management on supporting distributors of MLM.

The objectives are related to the hypotheses which indicate the predictive effects of distributor motivation. These hypotheses are presented in the next section.

1.6 Hypotheses aligned to the research objectives

The hypotheses for this study are stated as follows:

H₁ Distributor motivation is driven by quality and innovative products

H₂ Distributor motivation is driven by methods of identifying differences between MLM and pyramid/Ponzi scheme

H₃ Distributor motivation is driven by the compensation package

H₄ Distributor motivation is driven by up-line and management support

H₅ Distributor motivation is not driven by discount on product

1.7 Rationale for the study

The rationale for the study is to provide new insights for MLM companies in determining the motivational factors that influence distributors to join the MLM industry. The study could benefit the economy and society by encouraging more individuals to engage in MLM. From the economic perspective, companies will experience growth and development, thereby contributing to the country's GDP. It will be of considerable benefit to the company if they can understand and know what motivates the distributors and influences MLM distributors to achieve success and sustainability in their businesses. Also, it is a means of empowerment and poverty alleviation for unemployed and under-employed individuals in the labour market as it can generate an income for survival and stability, and a flexible way of earning a supplementary income for those who are doing MLM on a part-time and full-time basis.

1.8 Delimitations of the study

The study focuses mainly on the motivational factors in MLM companies, specifically for their distributors. The investigation centres on distributors within KwaZulu-Natal only. Distributors outside this area are not included due to the high costs involved in exploring a larger population. Therefore, the delimitations of the study were precisely confined and limited to MLM companies. The research questionnaire is addressed to MLM distributors who are active in the business.

1.9 Outline of the dissertation

The study is divided into five chapters:

Chapter 1: Introduction

This chapter serves as an introduction to the research study. It includes details about the research problem, research objectives, study scope and delimitations.

Chapter 2: Literature Review

This chapter provides the theoretical underpinning for the study by reviewing literature that is relevant to the study and exploring the motivational factors that influence distributors.

Chapter 3: Research Methodology

This chapter examines the research methodology employed throughout the study, including the target population, sampling methods and research instruments for data collecting, and techniques for analysing the results of the study.

Chapter 4: Data Analysis and Discussion of Results

This section presents graphs, tables, and charts to explain the study's findings. It also uses statistics to analyse the information gathered during the research.

Chapter 5: Summary, Conclusion and Recommendation

This chapter draws conclusions based on the findings and presents recommendations. Future research recommendations are mentioned as well.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The preceding chapter introduced the study. This chapter provides a synthesis and review of the literature related to multi-level marketing. It commences with the relevant theories adopted as the basis for the study. The research further defines MLM and overview its trends. This literature review addresses the study's objectives; the methods of identifying the difference between MLM and Ponzi schemes; quality and innovative products; discount distribution satisfaction in MLM, compensation plans for distributors and their influences; and up-line and management support. Furthermore, The concept of motivation, as well as the conceptual framework upon which the study is founded, will be presented and discussed.

2.2 Theoretical framework

A theoretical framework is a structure that explains the research study's concept as well as why the research problem under study exists (Swanson 2013: 350). For this study, Maslow's Hierarchy of Needs and Herzberg's Two-Factor theory established the foundation and formed the underpinning framework for the study. These theories were chosen for their applicability and relevance to the research.

2.2.1 Maslow's Hierarchy of Needs

As propounded by Abraham Maslow, the theory of human motivation emphasised five human needs. Figure 2.1 below depicts the five needs. The first of these needs are physiological needs which are the basic needs of humans. The physiological needs are also called survival needs (food, shelter and clothing) and are synonymous with poverty if one cannot meet them (Mezie-Oscar and Dada 2021:45;Okeke and Nwankpa 2017: 285). They have an enormous impact on human behaviour because of their importance to human existence. Izueke (2014: 25) revealed that physiological needs prevail over all the other needs. If the physiological needs are not met, none of the other needs matter to

the individual.



Figure 2.1: Maslow's Hierarchy of Needs Theoretical Framework

Source: Adapted from Schiffman and Kanuk (2011: 116)

Herzberg's Two-Factor theory (Herzberg 1966) involves the influence of hygiene factors and motivator factors. In 1959, Herzberg developed the Motivation-Hygiene Theory, which was influenced by Maslow's Hierarchy of Needs, and established the two-factor model of work motivation. Herzberg developed a two-dimensional model of elements that influence people's attitudes toward work which constitute the basis for this study.

Subsequently, applying this theoretical framework of the hierarchy of needs to this study, it is maintained that income is required to meet needs at the physiological level (poverty level). MLM provides an opportunity for generating such income and offers opportunities for income security, self-employment and wealth generation. The challenges of satisfying these needs have propelled more people to join MLM.

2.2.2 Herzberg's Two-Factor Theory

Herzberg's theory of motivation is focused mainly on identifying factors or determinants that motivate an employee to work. These motivators consequently lead to job

satisfaction. Moreover, in outlining and explaining distributors' motivation to become involved in MLM, this theory supports the development of the factors or determinants that would drive motivation and intention to become a distributor (Madi 2017: 135; Sulong, Caneza and Geetha 2017: 359). Herzberg's motivation factors include characteristics related to gaining recognition; doing stimulating work; the opportunity for growth and advancement; a sense of personal achievement; taking responsibility; status; and promotion in the job. These factors lead to the job satisfaction of the employee.

The other side of the Herzberg's theory highlights the hygiene factors of work which have de-motivational value if not present. These comprise feelings of job security, company policy and administration, remuneration, working conditions, interpersonal relations, status and quality of supervision (Madi 2017: 136; Sulong, Caneza and Geetha 2017: 363). Figure 2.2 depicts the two-factor theory of Herzberg. These factors include hygiene factors and motivator factors that influence the job satisfaction of distributors in MLM. In improving the motivator factors, distributors will be more motivated to introduce the business to others and recruit more, which will bring about growth and expansion for the MLM companies.

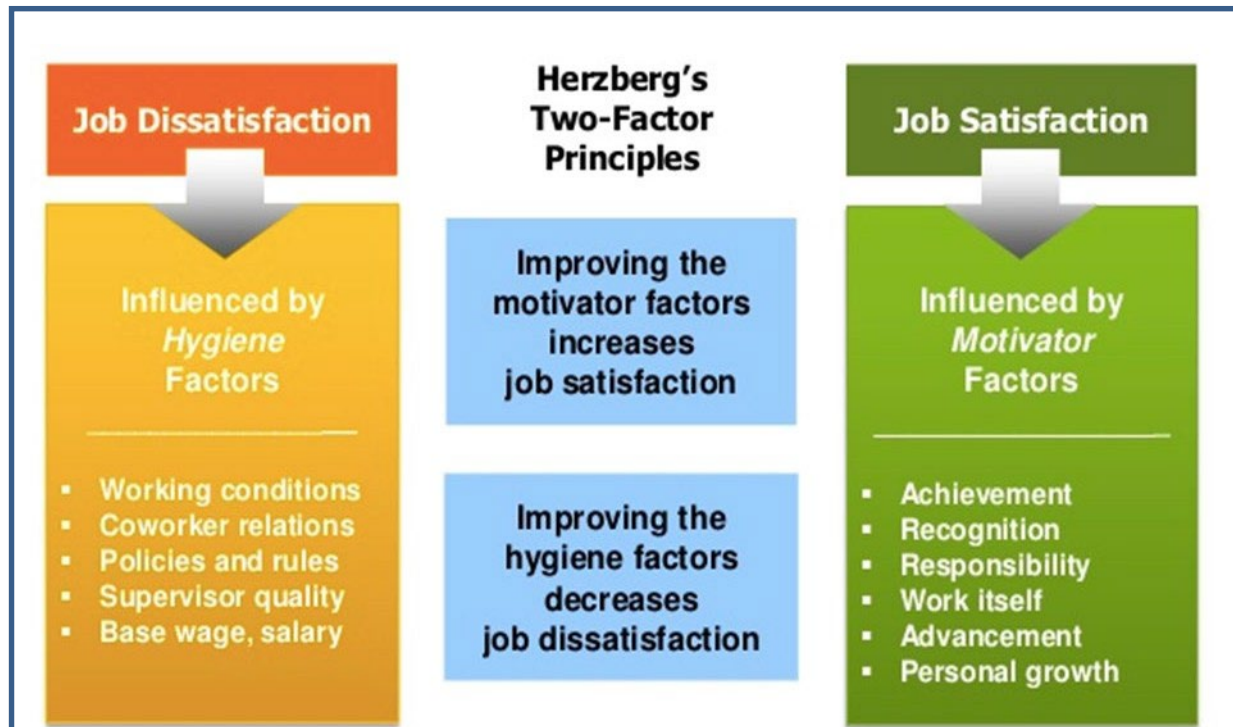


Figure 2.2: Herzberg's Two-Factor theory

Source: Alshmemri, Shahwan and Maude (2017)

Figure 2-2 displays the hygiene factors contributing to job dissatisfaction, such as working conditions, co-workers' relations, policies and rules, supervisor quality, and base wage and salary. In addition, Figure 2.2 illustrates Herzberg's Two-Factor principles, which consist of improving the motivators that increase job satisfaction and improving the hygiene factors that decrease job satisfaction. Lastly, the diagram lists the motivator factors that contribute to job satisfaction including achievement, recognition, responsibility, work itself, advancement and personal growth which relates to Maslow's top levels needs of self-esteem and self-actualization (Alshmemri et al. 2017: 13).

Consequently, in the context of this study, Herzberg's two-factor theory will be considered. Motivator and hygiene factors are influencers that motivate distributors. The compensation package and discounts on the product subscribed to provide financial stability for MLM distributors while achievement, recognition and growth encourage up-

line and management support. Quality products are also motivators and determinants. Hence, all these factors motivate people into joining MLM.

2.3 Empirical review of MLM

The number of MLM companies has risen tremendously since the concept was first mooted in 1945, and this growth is projected to continue. According to the WFDSA, the Philippines and India have more than 100 active MLM organisations, with about 4 million members and total direct selling retail sales of 1.2 billion US dollars as of 2014. WFDSA MLM enterprises sold around 180 billion dollars worldwide in 2014 (Pang and Monterola 2017: 101). Franco and Perez (2016: 30) posited that business analysts have observed that MLM companies thrive in a crisis economy when there is a recession. Citizens' physiological needs have to be met and poverty levels are considered high. In such times, MLM has been found to be a source of income and wealth creation. Effiom and Efiom's (2015: 284) study reveals a strong positive relationship between MLM and job creation and income generation. Hence, it addresses poverty alleviation at large.

The MLM methods of business and money-making are highly controversial because of their similarities with pyramid schemes. However, MLM is entirely different from pyramid and Ponzi schemes. The MLM business is a method of distribution of products and services and building a sales network by sponsoring and recruiting new members to enhance sales. It is one of the safest means of conducting business and helps distributors to increase the sales of the MLM company by providing commission to the distributors (Keong and Dastane 2019: 5; Vedavalli and Venkatramaraju 2019: 383).

Aaminou and Aboulaich's (2017) study established the dynamics of the MLM business structure versus pyramid schemes and showed the impact of compensation choices on metrics such as distributor numbers, turnover and income. However, their results indicated that the business model is close to a pyramid scheme when the number of levels in the organisation is high.

Lee, Lau and Loi's (2015) study identified the significant variables that influence the distributors' satisfaction towards MLM companies in Malaysia. The study investigated five

factors that impacted distributors' satisfaction in MLM. Amongst the five antecedents, only one aspect (perceived quality training programme) had no significant impact on distributors' satisfaction. The other four factors: perception of product/services; perceived quality of recruiting process; method of diffusing business opportunity; and up-line support positively impacted customers' satisfaction. Khare and Verma (2016) reviewed the state of MLM marketing and its role in personal and social development. The study established that MLM distributors worked on a long-term basis to improve communication skills, presentation skills, interpersonal skills and motivation levels. MLM distributors were shown to achieve an excellent social position, empowerment and improved social competence. Therefore, MLM provides opportunities to distributors to earn, to develop themselves and to contribute to a good social life for all sections of society (Girish and Dipa 2015; Backman and Hanspal 2022:1). This study analysed the concept of direct selling, MLM and illegal Ponzi schemes.

Grob and Vriens (2019) reported that it is necessary to legitimise valid MLM schemes. Hence, the establishment of regulatory bodies and adherence to a code of ethics would help to identify illegal MLM, which would further assist legitimate businesses to grow, flourish and contribute to the economy. The study by Arya and Arya (2014) described the meaning of MLM marketing, its usage and limitations. They discussed the distributors' performance in an MLM business environment. It was concluded that MLM marketing has a bright future in India and that MLM marketing companies give the distributors ways of fulfilling their financial needs.

2.3.1 A global perspective on MLM

Multi-level marketing (MLM) can also refer to referral marketing, network marketing, pyramid selling or referral selling. It is a method and marketing strategy of product distribution using distributors to move the product from the company to the consumer (Mezie-Oscar and Dada 2021:45). This innovative approach to marketing assists distributors to sell products to substantial numbers of customers (Gulabdin, Sung and Sondoh 2020: 446; Fluegel and King 2022:125; Vedavalli and Venkatramaraju 2019: 383). MLM is powered by the distributors selling the products and services to consumers

and recruiting new members (Ezekiel and Toba 2020: 61; Kumar and Satsangi 2021: 50).
It has

emerged as a business opportunity which has rapidly expanded in recent decades. It is a marketing strategy that is gaining momentum worldwide (Okeke and Nwankpa 2017: 282).

Considering the flaws in the traditional retail marketing system regarding distribution, advertising, channels and promotion, there is need for a new strategy in the marketing area (Haryana 2018: 18). MLM is a form of direct sales, whereby independent distributors sell products and recruit new members and obtain economic rewards (Backman and Hanspal 2022:1; Cardenas and Fuchs-Tarlovsky 2018: 133; Fluegel and King 2022:125). According to Lee et al. (2016), MLM entails a distributor delivering items or services to customers at their homes, offices and other retail outlets. Srilekha and Suma Rao (2016) stated that direct selling and direct marketing are not the same. Direct selling involves face-to-face communication, while direct marketing does not (Gulabdin et al. 2020:447; Kosnarova 2017: 275). Direct marketing is a form of advertising that solicits patronage from a group of customers. It is a type of advertising that uses tangible materials such as flyers and catalogues to communicate information about products or services to customers (Ezekiel and Toba 2020: 61). The MLM system has become one of several direct marketing trends in recent years.

MLM operates on the principle of multiplication, duplication or geometrical increase of the retail or sales activities (Reingewertz 2021: 2; Kumar and Satsangi 2021: 50; Lee et al. 2016: 105). It is a marketing method in which distributors are rewarded for both their own sales and the earnings of others who work under their structure. Distributors are given a chance to bring in more distributors to the business for continuous growth. MLM is a technique that promotes sharing and involves a remuneration package by which profit is earned directly by sales and indirectly by recruiting new members, and it fosters teamwork within the distributors' circle, where the salesforce is compensated through multiple levels of recruits (Koroth 2013: 62). Furthermore, it offers solutions for individuals who prefer high-quality products and have limited time to purchase them (Ulucam, Unusan and Canbolat 2016: 2). In addition, MLM provides several attractive benefits to all levels of willing participants in the enterprise; for example, low cost of entry; financial freedom; substantial residual income; quality time with family; and the freedom to control when and where you work. Successful MLM

distributors enjoy the attractive compensation rewards that come from working in the industry (Veena 2014: 26).

MLM is considered a legitimate business activity according to the WFDSA. The organisation which intends to gain a competitive edge and foothold in the market will consider an MLM marketing strategy and apply some of the elements to obtain substantial benefits (Reingewertz 2021: 2; Ezekiel and Toba 2020: 62; Gregor and Wadlewski, 2013: 3). MLM is gaining much attention in the business world and is an approach that eliminates massive traditional advertising costs and saves costs on sales promotion. MLM has bridged the gap between intermediaries and the company, thus reducing the cost of advertisements. This saving is transferred to the distributors who engage in MLM. In turn, products are made available to consumers at discounted prices (Fluegel and King 2022:125; Korothe and Sarada 2013: 27).

MLM companies such as Avon, Amway, Herbalife, Oriflame and others are growing industries globally. The consistent rate of growth throughout these years shows that the business model is widely accepted (Balasescui 2020; Sobaih, Ghannam and Aliedan 2021:761). Retail sales in the United States generated \$35.35 billion in revenue in 2019 while the direct selling industry generated \$192.9 billion in 2018 (Balasescui 2020). The number of network distributors grew to 116 million and sales increased to \$189.6 billion, according to the 2018 Network Marketing Market Report (Mastermind Event 2018). Several countries are still building a reputation for themselves in MLM. Brazil, Mexico, France and the United Kingdom are four of the most populous countries in the world.

In 2017, distributors were paid a total of \$76 billion in commissions, or \$208 million a day. Since 2009, MLM companies have produced approximately \$1.5 trillion in sales. Asia led the pack with 45 percent of sales, followed by Europe (20%), North America (19%), and South America (14%). Africa's sales only reached about 1.8%, the report stated. According to the World Federation Direct Selling Association, Africa has come last in ranking amongst the world's continents. Asia had a 52 million salesforces, the USA 21 million, Europe 14 million and Africa 1.7 million in 2016 (Mastermind Event 2018). It is a business strategy that involves participants at all levels, creating a down-line of

distributors and a hierarchy of multiple levels of compensation (Arya and Arya 2014: 99; Liman, Aliyu and Halliru 2020: 160).

2.3.2 Overview of MLM in Africa

Compared to the rest of the world, MLM is a relatively growing concept in Africa (Liman et al. 2020: 161). However, there are only a few networks marketing companies in some parts of Africa. Nearly all of them are in the health, wellness and beauty business, an industry worth several billion dollars every year. The products distributed by these companies include nutrition and dietary supplements, weight management, beauty and personal care products.

The demand for these products is expected to increase as more Africans rise above the poverty line and demand products that will improve the quality of their lives. Research has proven that the youth has been the heart of network marketing in many parts of Africa. Tanzanian network marketing firms, also known as MLM firms, have exploded in popularity over the last five years. These businesses entice young people with “get-rich-quick” schemes based on person-to-person sales of products that the seller has purchased in advance. Many schemes also rely on the seller’s active recruitment of additional independent salespeople.

2.3.3 Overview of Trends in MLM in South Africa

The WFDSA was established in 1910 as a trade group for door-to-door salesmen, with the primary purpose of providing support and create an understanding of direct selling to society. Its mission and goals are to protect, serve, and promote the effectiveness of member companies and distributors, as well as to grow and support so that the direct selling opportunity is conducted with the highest level of business ethics and public service; engage in public relations; and regulate the direct selling industry in their respective domicile countries around the world (Bosley and Knorr 2018: 82).

South Africa is a flourishing developing country where different methods of business, including MLM, are permitted. Anyone interested in the MLM business can join any

legitimate MLM company in South Africa with a minimal amount of money and build a successful business. Direct selling appeals to female entrepreneurs because it provides opportunity, flexible working hours, training and the possibility to work from home, according to Cornelle van Graan, chairperson of the Direct Selling Association of South Africa (DSASA 2017). Direct selling benefits approximately 1.3 million South Africans, 72 percent of whom are women; and allows them to start their own small businesses. Direct sales achieved approximately R12.9 billion in 2016, increasing by 18% from 2015.

The number of women who work full-time in direct selling has increased by nearly 30%, with most of them working in the health and wellness, personal care, or home goods industries. Working in this field is also an option for women who currently have a full-time job but wish to supplement their income (DSASA, 2016). The DSASA is comprised of 34 direct selling companies. More than a million independent business owners are engaged with DSASA member companies, and they have annual revenues of almost R13 billion. Everything from financial services to beauty products and skin care, from fragrances and fashion accessories to nutrition and health supplements, to a variety of other services, is available (DSASA 2016).

This study focuses mostly on distributors in MLM in KwaZulu-Natal. There are many MLM companies within the province, namely Herbalife, Tupperware, Longrich, Amway and Avon. Distributors are required to purchase initial start-up packages in MLM, but they are not employees of the company nor are they recipients of a fixed salary. They are entirely independent and earn only from compensation plans based on their effort and successful recruitment of other distributors (Girish and Dipa 2015: 106). They are directly rewarded based on their effort through incentives and bonuses offered by the MLM companies.

Moreover, distributors are often trained and motivated to market the products or services by the MLM company to family, friend, relatives and potential customers. A well-equipped distributor with the knowledge of the product finds it easy to make sales and recruit new members. They also benefit from the sales generated by their down-line members. An up-line can be defined as a person who has recruited another person under their network tree. At the same time, a down-line can be referred to as an individual recruited

to the business by their up-line (Arya and Arya 2014: 99). The joint effort of both up-line and down-line culminates in rewards at the end of the week or month, depending on the company's policy on compensation. The distributor is paid mainly on recruitment and sales of the product (Kumar and Satsangi 2021: 50; Jain et al. 2015: 906). Distributors' commitment and performance are enhanced when motivated through compensation by the company, thereby leading to a further growth of the respective MLM companies. Various motivational factors are adduced to by several author to have influenced distributors. Firstly, joining the MLM company and secondly, staying with the company. Other motivational factors have also encouraged and influenced distributors into engaging in MLM. MLM has the potential for growth if the distributors are well motivated, leading to the company's growth. The network marketing and direct sales in Figure 2.3 indicate how many people are involving in MLM in 2015, based on the statistics below. The breakdown shows how well MLM is doing around the world.



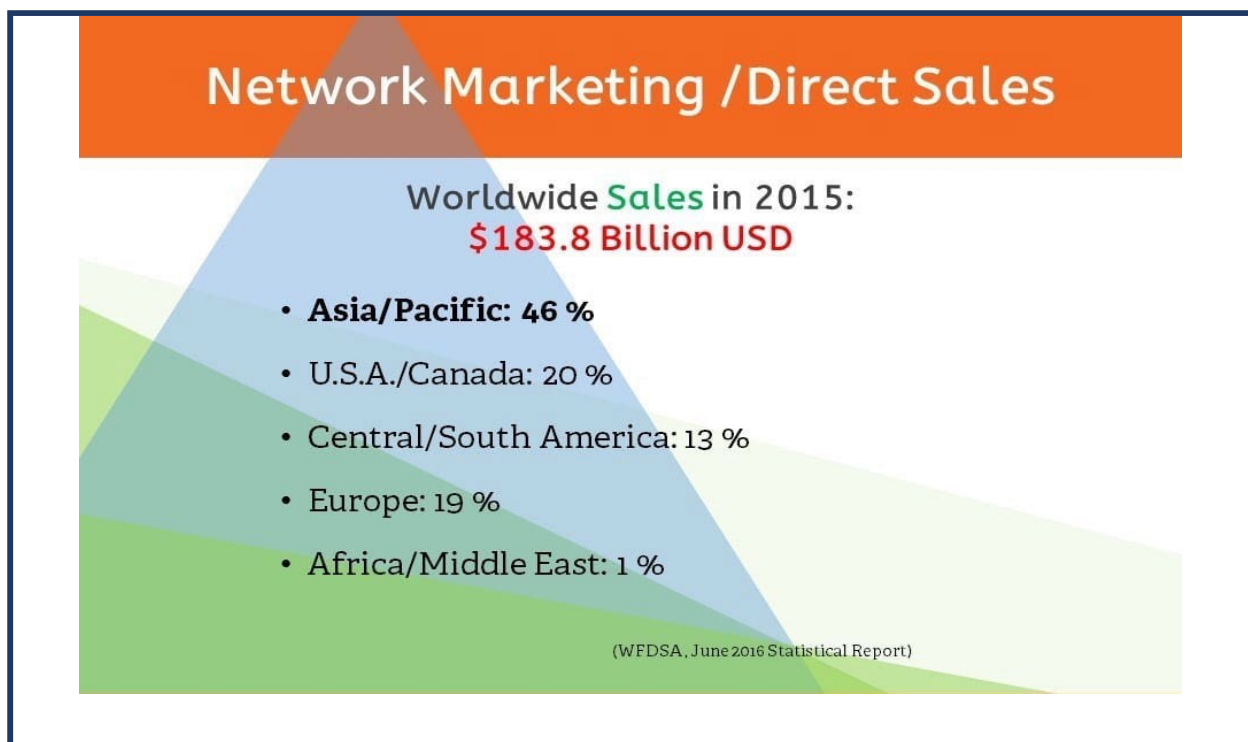
Figure 2.3: Network marketing / Direct salesforce

Source: VentaForce (2020)

Figure 2-3 shows that 52 million people engaged in MLM in Asia, while 21 million people were involved in MLM in USA and Canada. In South and Central America, 14 million

distributors and 14.5 million people from Europe engaged in the network market business, which shows that the business is seen as a means of generating income and poverty alleviation, as well as empowering individual financially. However, Africa is only now waking up to the opportunity that MLM offers with 1.7 million distributors engaging in 2015. Although the number is far smaller compared to the people doing network marketing worldwide, MLM is growing fast in Africa. As unemployment keeps rising in Africa, MLM is becoming a substitute for jobs for individuals looking for survival and sustainability. Figure 2.4 outlines the network marketing and direct sales worldwide in 2015 in the percentage of the sales generated by the different countries.

Figure 2.4: Network marketing / Direct sales



Source: VentaForce, (2020)

Figure 2.4 shows how MLM businesses and direct sales thrived and generated sales to the value of \$183.8 billion worldwide in 2015. With \$183.7 billion in global sales in 2015, the network marketing and direct sales profession set a new high. The United States was ranked as the top direct selling market in the world, accounting for 20% of global sales. China came in second with 19%, South Korea third with 9%, Germany eighth with 8%,

and Japan eighth with 8%. Direct sellers (distributors) include individuals who are career-minded entrepreneurs on a full or part-time basis, building their business within their respective MLM companies. Sales volumes are calculated in US dollars and are estimated at the retail level, excluding sales tax and VAT, with foreign sales converted to US dollars using the February 2015 exchange rate. Approximately \$73.4 billion (40 percent) in commissions was paid directly to distributors, equating to \$6.1 billion per month and \$201 million every day, 365 days a year. These figures indicate how the MLM industry has changed and evolved over time.

Table 2.1 indicates the list of the six top MLM companies in South Africa and the world. The table below shows the different companies and the revenue generated in the year 2019.

Table 2.1: 2020 list of the top 6 network marketing companies in the world

Name	Product category	Age in business	Countries	Revenues in 2019
Amway	Nutrition, Skincare and makeup products	1959 – 61 years	South Africa	US\$ 8.8 Billion
Avon	Beauty, household, and personal care products	1886 – 134 years	Egypt, Morocco, Tunisia, South Africa	US\$ 5.5 Billion
Nu Skin	Dietary supplements and personal care products	1984 – 36 years	South Africa	US\$ \$1.7 billion
Forever Living	Cosmetics, Nutrition supplements, weight management and personal care products	1978 – 42 years	South Africa, Angola, Benin, Botswana, Cameroon, Ghana, Nigeria, Rwanda, Uganda, Togo, Congo DR, Tanzania, Tunisia, Swaziland, Senegal, Gabon, Congo Republic, Namibia, Ivory Coast	US\$1.7 billion
Herbalife International	Nutrition, weight management and personal care products	1980 – 40 years	South Africa, Botswana, Ghana, Lesotho, Namibia, Zambia, Swaziland	US\$ 4.9 Billion
Tupperware	Kitchen and household product	1978 – 42 years	South Africa, Angola, Benin, Botswana,	US\$ 2 Billion

Name	Product category	Age in business	Countries	Revenues in 2019
			Cameroon, Ghana, Nigeria, Rwanda, Uganda, Togo, Congo DR, Tanzania, Tunisia, Swaziland, Senegal, Gabon, Congo Republic, Namibia, Ivory Coast, Zimbabwe	

Source: VentaForce, (2020)

The table above lists six MLM companies present in South Africa and around the world that are thriving. Amway is the most prominent MLM company globally, which produced unique MLM legend products like Dexter Yeager and Bill Britt. Amway is popular in South Africa, with several distributors engaging in the business. Their products range from nutrition to household cleaners which have gained broad acceptance in this country and other developed countries. Another well-known brand in South Africa is Avon which offers a wide range of personal care and cosmetic items. Many distributors work for Avon, one of South Africa's biggest MLM companies. Nuskin is a well-known MLM firm that sells skincare and nutritional products and has a massive international following. Forever Living, also known as the Aloe Company, has been in operation for nearly 50 years.

Their product range of aloe-vera products has given them a large and loyal global fan base, especially in South Africa. Herbalife is one of South Africa's most well-known MLM organisations. Weight control, nutritional supplements, personal care, skincare, and cosmetics are all part of their product portfolio. Furthermore, Tupperware is a kitchen storage company that is well-known in South Africa. The determination to give their everything to the business really does have an impact on the distributors. The distributors are influenced by the motivation to give their best to the business.

2.4 Distributors' motivation in MLM

Motivation is an activated internal need state leading to goal-directed behaviour to satisfy that need (Roman *et al* 2021:27; Durmaz 2017: 195). The decision to be a distributor in MLM requires motivation because motivation is a force that compels one into action.

Motivation factors significantly

influence distributors to join MLM. It refers to processes that describe the person's intensity and the persistence of effort towards achieving the desired goal (Meng and Jin 2018: 165; Roman *et al* 2021:27). In MLM, business motivation will influence the distributor's attitude, where leaders are described as the instructor or sponsor, while members are those who support their leaders. Motives can be defined as relatively enduring, intense and persistent internal stimuli that arouse and direct behaviour toward specific goals (Schiffman and Kanuk 2011: 107).

The motivation to buy, sell and associate with MLM companies is one factor influencing distributors. MLM distributors must be motivated to sell the products and create a pyramid of marketers to get the job done effectively (Kalra, Kondepudi and Sridharan 2016: 11). In some cases, the unemployed labour force, students, housewives, retirees and youth are often motivated to engage in MLM business due to the lack of a steady source of income and resources. Hence, motivation will influence the distributor's attitude towards growth and development.

2.5 Direct selling in MLM

Direct selling is a marketing approach where a salesperson creates a direct sales contact with their final customer (Kurtz and Boone 2012: 412). Direct selling is an old practice of doing business and the traditional form of marketing. This concept is established on the premise of a direct relationship between the customer and distributor, thus eliminating intermediaries' role in distribution channels. In other words, it is the marketing and selling of products directly to end-users away from fixed retailed stores and has been observed and identified as one of the most effective and innovative ways of marketing. It was stated by Rani and Kumar (2015: 90) and Liman, Aliyu and Halliru (2020) that MLM has its origin in direct selling. Direct selling is MLM by which salespeople are compensated for the sales generated and the sales by their recruits (Merlin 2012: 1). In addition, it requires individual personal sales presentations other than indirect presentations (Koroth 2013: 3; Liman, *et al.* 2020).

MLM is one type of direct selling generally conducted by an independent distributor representing the company. According to Veena (2014: 25), salespeople sell products personally to consumers through relationship referrals and engaged word-of-mouth marketing. The author also indicated that from 2014 to 2015, direct selling businesses provided self-employment privileges to a substantial number of people, especially women in New Delhi, India. Hence, multi-level marketing is gaining importance in the world today. Negi and Pant (2014: 7) stated that direct selling is a global labour-intensive industry and has a favourable socio-economic impact on higher employment, women empowerment and skills development (Haryana 2018: 18).

The direct selling industry is multiplying, accounting for 109 billion US dollars, with 58 million direct salespeople in 165 countries worldwide (Direct Selling Association 2017). MLM companies have millions of members and generate billions of dollars in sales and revenue each year. Direct selling is an industry that involves over 15 million people and generates \$30 billion in revenue: \$114 billion in sales in the United States and \$114 billion globally (Direct Selling Association, 2017). In the United States, direct sales grew by 3.3 percent in 2016 to \$32.7 billion, and the number of individuals selling grew by 5.7 percent to 16.8 million (Fortune Magazine, 2016). Many businesses nowadays prefer to sell their products through multi-level marketing.

2.5.1 Types of Direct Selling

2.5.1.1 Single-level marketing (SLM)

This can also be defined as traditional marketing, where a salesperson earns an income based on the sales generated personally. Thus, the commission is based on sales performance. It is also a one-on-one form of recruitment, with the profit limited to the immediate individual signed. It is a notion under a single-level compensation system, whereby sales and rewards are directly related to input by the salesperson and not for recruiting or sponsoring others. It is selling and distributing on a one-on-one method (Vedavalli and Venkatramaraju 2019: 383; Veena 2014: 26). Although SLM and MLM share some similarities, they are different. Single-level marketing requires a large capital

start-up, while MLM does not. SLM is dependent on other people's performance. On the other hand, MLM is self-dependent, and business growth is based mainly on the sales and profit generated by team input, making use of important intermediaries to connect with more customers (Hossan, Ahammad and Ferdous 2021: 45; Kumar and Satsangi 2021: 50; Vedavalli and Venkatramaraju 2019: 383).

2.5.1.2 Multi-level marketing (MLM)

MLM, known as network marketing or referral marketing, accomplishes sales, distribution and marketing engagement through distributors or salesforce teams. The system provides an opportunity to earn an income and build a career based on the team working together (Ulucam, Unusan and Canbolat 2016: 2; Backman and Hanspal 2022:1). On the other hand, the distributor or salesperson recruits other members under his sponsorship (down-line). Hence, the bonus and commission are generated by the collective salesforce on the membership tree. Down-line sales are also accumulated and enable the up-line to earn a high commission. This approach fosters teamwork with the distributors (Jain, Singla and Shashi 2015: 904; Kumar and Satsangi 2021: 50; Liman, Aliyu and Halliru 2020). At the same time, a significant difference between MLM and the traditional methods of personal sales is the possibility of one-party receiving income from the sales of other members. Hence, it is any form of marketing that permits independent distributors to recruit additional sales sources and draw commission from the sales of those recruited (Ivashkova, Sidorchuk and Skorobogatykh 2018: 6; Vedavalli and Venkatramaraju 2019: 383).

2.6 Word-of-mouth marketing

Word-of-mouth (WOM) is a non-paid, interpersonal type communication that can be favourable or negative regarding a product, service, or brand. It comes from friends, family, relatives, co-workers, newspapers, reviews, and other trustworthy reference groups and is regarded one of the most powerful communication channels (Meiners, Schwarting and Seeberger 2010). Moreover, WOM communications from friends or family are often perceived as more trustworthy than impersonal mass media (Machado and Diggines 2012: 145). MLM has adopted this approach to foster their business extensively

as WOM is powerful. Recent studies conducted have found that WOM is twice as effective as traditional marketing. Hence, it results in more new customer acquisitions and has long-lasting results.

According to Bughin, Doogan and Vervik (2010: 4), 20 to 50 percent of all purchasing decisions are directly traceable to WOM. People tend to believe what they are told by other consumers who have first-hand experiences of the products, services or company. In addition, the choice to purchase is made on the strength of WOM recommendations from a trusted source (Koekemoer 2014: 188). MLM depends on WOM for effectiveness as people believe more in what they hear from friends and relatives. As a result, an MLM network often multiplies through WOM (Nga and Nadiah Soo 2011: 51).

Word-of-mouth marketing has recently attracted a massive deal of attention. It is the world's most effective communication tool, appealing because it signifies low cost and fast delivery. Most often, expenses are not incurred through WOM. Thus, MLM industries are taking advantage of the rare opportunity and saving massively on advertising costs while still getting the products and services to the consumer at large. Additionally, it is a business model that engages directly with the customers as a distribution channel, thus eliminating the intermediaries in the traditional marketing system (Prakash 2019: 20; Sobaih, Ghannam and Aliedan 2021:761).

2.6.1 Effective Power of Word-of-Mouth Marketing

The effectiveness of WOM acts as a basis of information and a convincing communication tool that influences consumers in making a decision. It is a major reason that an individual's purchasing pattern and final buying decisions are made (Lim and Chung 2014: 36). The literature reveals that WOM has a progressive and substantial impact and influence on customers' acquisition and affects consumers' awareness, expectations, perceptions, attitudes, behavioural intention and actual behaviour (Lam et al. 2015) The power of WOM should not be ignored because it occurs frequently throughout the day as a natural element of regular discussion. In a study conducted in America, Keller (2007: 450) found that people partake in 3.5 billion word-of-mouth conversations every day and brands are discussed 2.3 billion times per day. Although this research was based in the

US, it revealed the high level of daily observation of mouth communication occurring around the world. Subsequently, WOM has always been crucial in influencing people's behaviour, and it is becoming increasingly significant in promoting consumers' purchasing decisions. More than two-thirds of consumer purchasing decisions can be traceable to WOM.

Figure 2.5 shows the power of WOM in MLM.

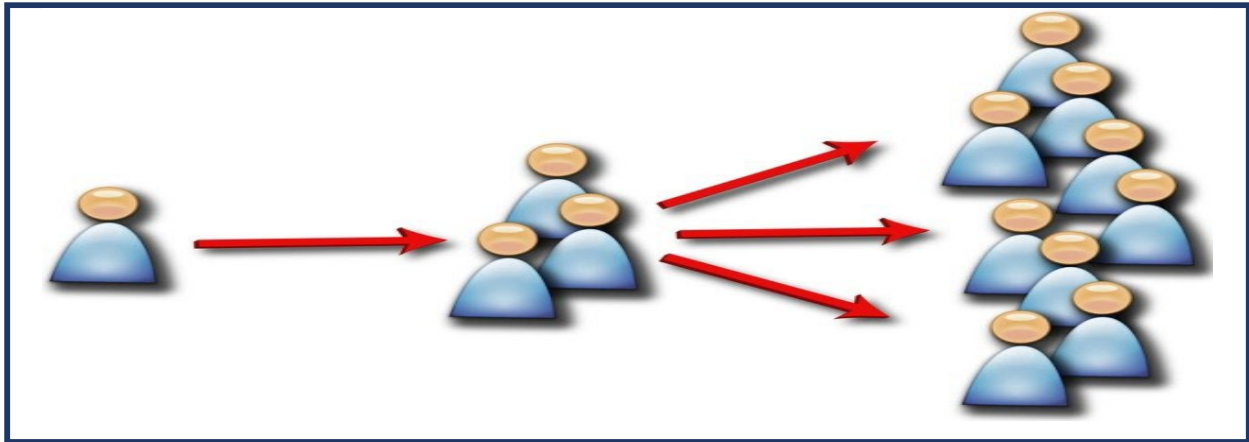


Figure 2-5: Power of word-of-mouth

Source: Zungu (2012: 51)

Figure 2.5 postulates that WOM is a highly dependable tool to promote any business, brand, product or service. MLM businesses have applied this power tool to distributors' businesses. One of the strengths of any personal business activity in MLM is the WOM recommendation of friends. The family believes what is said to them by their relatives. The importance of WOM marketing in the growth of a smaller business cannot be overstated. Small businesses rely on WOM marketing to stay afloat. As a result, MLM makes use of WOM to promote their products and services to the general public.

The consumer shares their experience with the products or services, and they share it with their family and friends, which increases the consumer base and increases sales. MLM has adopted this type of marketing. WOM marketing is when an individual's interest in a company's product or service is reflected in their daily dialogues in telling others about the business. Moreover, it is free advertising triggered by customer experiences and usually goes beyond what they expected. Through different publicity activities set up by

companies, WOM can be encouraged by having opportunities to encourage consumer-to-consumer and consumer-to-marketer communication (Zungu 2012: 51).

2.6.1.1 Consumer buying behaviour

Consumer buying behaviour can be described as a process utilised by customers searching for their desired products, choosing, purchasing and disposing to satisfy their needs (Schiffman, Kanuk and Wisenblit 2010: 3). This stage is where the consumer decides whether to use or purchase the product or service. The consumer decision-making process passes through five stages before the finally purchase: problem recognition, search for information, the evaluation of alternatives, purchase decisions and evaluation after purchase (Copley 2014: 67). MLM uses consumer buying behaviour to understand what the customer needs and then meets the need. It recognises that the product has to be innovative and of quality to appeal to a customer, so they focus on meeting customers' needs and introducing other customers to the business (Haryana 2018: 18). Figure 2.6 outlines the consumer buying behaviour process. The process follows a sequence of steps before a decision is made.

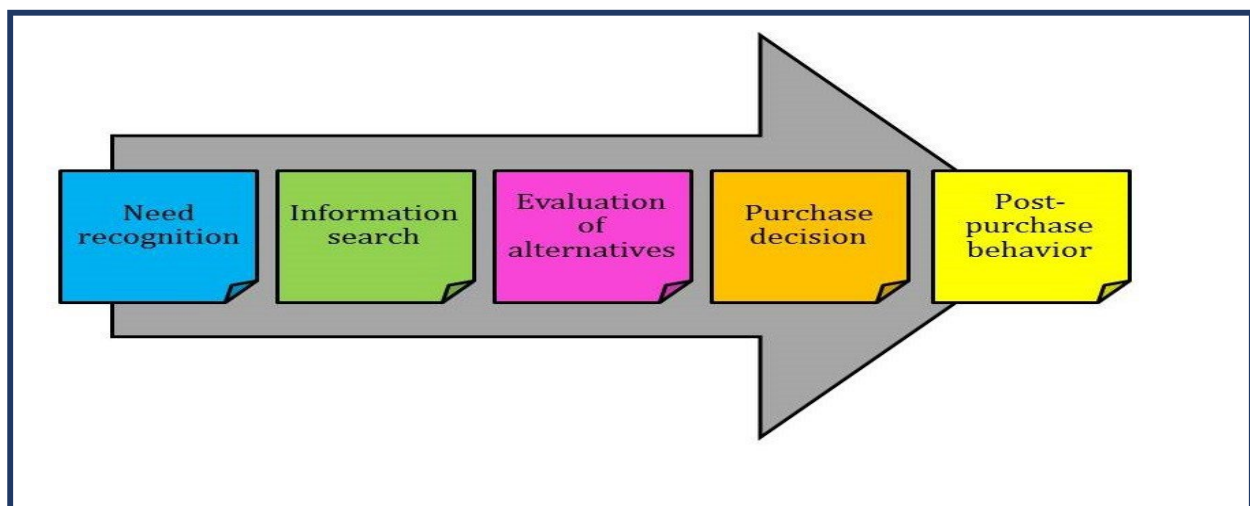


Figure 2-6: Consumer buying behaviour process

Source: Hawkins and Mothersbaugh (2010: 251)

Figure 2.6 describes how MLM companies use the consumer buying behaviour process in producing their products. They identify a niche and a problem and deliver a product

that addresses the issue. The MLM products are often of quality and innovation that ensure that the product meets the consumer's needs, making the distributor's job easier. For example, Herbalife focuses on weight loss and manufactures products to fill the gap. Consumers are willing to join the business or patronise the company to buy weight loss and nutrition products. The recognition of a problem is the first step in the consumer decision-making process. A difference between the planned condition and the actual state is enough to alert and activate the decision process when a problem is mentioned. There is no need for a consumer decision if a problem is not recognised. Habitual decision-making occurs when a customer solves a problem by recalling one satisfying option and acquiring that product or service without first evaluating it.

Many consumer purchases are mainly purchased often (Pentz, Terblanche and Boshoff 2014: 68), While problems can be handled by recalling numerous possible answers and selecting one, sometimes with the help of some extra information, such as current pricing, such constrained decision-making is responsible for a large number of consumer purchases. Internal and external problems necessitate extensive information searches and the customer analyses various choices along multiple dimensions. Many purchase decisions result from lengthy decision-making. Once the problem has been identified, a search for information is carried out to find a viable solution. The information search may be extensive or brief, depending on the detail the person is looking for. After the information has been gathered, which allows the consumer to determine and compare relevant and feasible alternatives, the decision can be made (Cant 2013: 144).

Post-purchase behaviour is a process that occurs after purchase or acquisition, i.e. use, evaluation, disposal and repurchase behaviour. These reflect the satisfaction of the consumer relating to the use of such products and services. Consumer satisfaction is influenced by product performance, the purchasing process and consumer expectations.

2.6.1.2 Problem/ need recognition

Problem or essential recognition is the most critical stage in the consumer buying process. The consumer needs to recognise a need or problem that has to be satisfied.

Lamb, Hair, McDonald, Boshoff, Terblanche, Elliott and Klopper (2010: 190) stated that needs recognition can be defined as an outcome of a disparity between definite and desired needs. It mostly originates from an internal stimulus motivating one to solve the problem. In certain instances, external stimuli may arouse a need, such as an advertisement or WOM referral (Pentz et al. 2014: 68). Distributors bring the solution to the consumer's need for a product or service by introducing MLM.

2.6.1.3 Information search

Marshall and Johnston (2010: 197) stated that information exploration starts in the second stage in the decision-making process. In this stage, the consumer searches for information or strong WOM about the product either from distributors, family, friends or advertisements. The internal search usually includes a memory scan to recall past purchases or stored knowledge about the brand, company or advertising images (McDonald, Lamb and Hair 2011: 58). Distributors tell the consumer or potential member information about the company because many people are not aware of or are sceptical about joining or purchasing the product because of the confusion about pyramid schemes. Thus, more knowledge about the MLM industry by the distributor through WOM makes it easy to persuade people to participate in the business. The more knowledgeable distributors are about the MLM business, the more confident they will be to tell others about the business, recruit new members and offer opportunities.

2.6.1.4 Evaluation of alternatives

The consumer examines the many alternatives accessible in the market based on its desire to satisfy power, quality and features after gathering necessary information and knowledge about the product. Cant (2013: 43) states that consumers try to choose the best option available, including the benefits of various alternatives such as cost, quality, colour and performance. The MLM distributor gives adequate information. At this stage, the consumer evaluates their options and choices.

2.6.1.5 Purchase decision

The purchasing decision stage involves the customer's response or decision to buy the products or join the MLM business. Solomon, Marshall and Stuart (2009: 162) indicated that actual purchase might occur quickly after buying has been concluded, or may require further information and decision-making. Factors influencing the purchase decision, including the mental process, have been evaluated. The most suitable or appropriate choice is the one that comes closest to the evaluation criteria formulated by the consumer (Joubert 2010: 138). Hence, the individual decides to be a member after the distributor has explained in detail or purchased the products and services at this stage.

2.6.1.6 Post-purchase behaviour

This stage involves the post-purchase behaviour of consumers. If the product is valid and fulfils the customer's expectations, it may lead to a repeat purchase (Cant 2013: 144). It is said that a satisfied customer speaks about the product to three people and dissatisfied customers tell about 11 people. Therefore, distributors have to ensure that the company and the product are given the correct information. Hence, if the consumer is happy and satisfied and expectations are met and exceeded, the individual becomes a partner or a loyal customer.

2.6.2 Personal Selling

Personal selling is an ancient art. The distributor of MLM is involved in the personal selling act because of the need to demonstrate the products to the prospective client. Distributors pursue face-to-face personal selling with no need for a retail store. Moreover, the MLM distributors often get the products already discounted from the company to profit by selling (Nga and Nadiah Soo 2011: 52). Therefore, MLM is considered a direct selling organisation that practically uses personal selling and reward systems for the distributor (Meng and Jin 2018: 162).

2.6.3 Direct Marketing

Kotler and Keller (2012: 557) describe direct marketing as using consumer-direct channels to reach and deliver goods and services to customers without using marketing intermediaries. Direct marketing is any unsolicited contact that a marketer makes with existing or potential customers to generate sales or create awareness. It is an advertising approach that adopts physical advertising materials such as flyers and catalogues to disseminate information about products and services offered to potential customers. In addition, it is a cost-effective form of marketing, with a minimal advertising budget for average companies (Choy Mun and Yazdanifard 2013: 2). Moreover, direct marketing can be defined as the direct sale of products and services by the producer to the final user (Ezekiel and Toba 2020: 61).

Thus, it can be done in several ways: by mail, telemarketing, fax, internet or face-to-face (Herbig and Yelkurm 2018: 17). Direct marketing provides easy access to consumers and assists promotion activities while affecting costs positively (Ulucam, Unusan and Canbolat 2016: 5). The MLM approach aims at delivering promotional messages directly to the client for purchase (Odabasi 2014: 304). Examples of direct marketing include:

- MLM;
- Electronic Marketing;
- Cataloguing Marketing; and
- Telemarketing.

Figure 2.7 below indicates the differences between network marketing and traditional marketing. The figure illustrates how network marketing has cut out the middleman in the chain of business while saving costs that could be channelled to distributors' commission.

2.7 MLM method versus traditional marketing

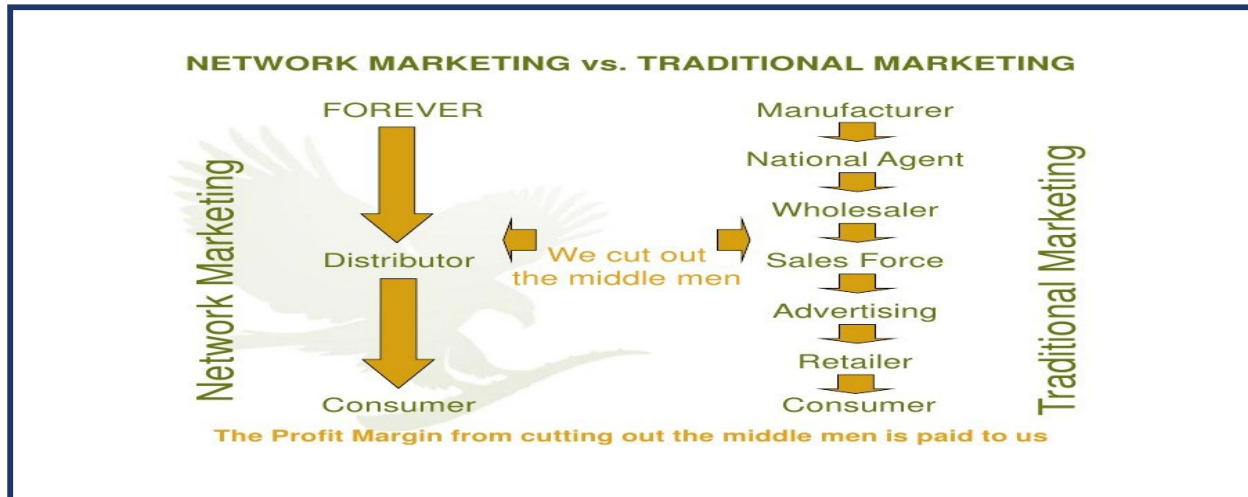


Figure 2.7: Network marketing versus traditional marketing

Source: Adapted from Pratistha (2017: 236)

Network marketing or MLM most often involves distributing products or services from the manufacturer to directly distributors using WOM marketing (Pratistha, 2017: 237). Figure 2.7 indicates that MLM has built supremacy and an edge over traditional marketing. It is evident that times are changing, and practices and methods are evolving in marketing (Okeke and Nwankpa 2017: 282). MLM is a developing concept in the area of marketing. The MLM approach uses independent distributors to recruit and sell the product and draw commission from the sales. On the contrary, the traditional market is the old marketing practice, whereby customers move from shop to shop to purchase a product and lose valuable time that could be invested in other activities. However, it was once considered the work of professional, full-time marketers. Now the MLM concept is causing disruption in today's marketing business world (Rani and Kumar 2015: 10).

Non-traditional marketing allows for face-to-face engagement and emotional encounters that traditional marketing does not. MLM, like other forms of direct selling, is an alternative to traditional sales and marketing that does not require selling from a set retail location (Koroth and Sarada 2012: 28). MLM distributors are independent business owners who work on a commission basis. They purchase products directly from the company and sell them to the customers. Thus, they sell the innovative and superior product and build

lifetime customers in return for residual income (Korothe and Sarada 2012: 27). Traditional marketing, on the other hand, is capital-intensive and primarily reliant on advertising, and it encompasses a wide range of advertising and marketing techniques. Finally, the corporations allocate the advertising costs saved from traditional marketing and expenditure, overheads, distribution, and retailing costs to MLM distributors.

2.8 New era and of the MLM industry

MLM is an emergent business opportunity in the marketing world. MLM was introduced decades ago and is well-practised, and it has evolved over the years. It has swiftly extended to advancing and evolving markets over the last decades. MLM is a two-edged sword because earning can be generated from two different sources, mainly profiting from personal effort as well as gaining the proceeds from teamwork. MLM is proving to be a means of empowerment. Franco and Gonzele-Perez (2016: 32) indicated that business experts have observed that, unlike consistent businesses, the MLM industry thrives more in countries that have experienced an economic recession, where citizens' physiological needs have remained unmet over time. It offers self-employment opportunities to many people.

MLM is starting to explode mainly because job security is becoming limited and is shrinking by the day; hence, people are beginning to look for alternative options for sustainability (Mezie-Oscar and Dada 2021:45;Negi and Pant 2014: 6). According to Korothe (2013: 64), the new strategy to get more customers in the marketing system is through MLM. Scholars and researchers have observed that India has tremendous potential in network marketing. This results from massive international connections and a vast technology base. It is essentially middle-class and relies on a highly entrepreneurial culture. Franco and Gonzalez-Perez {2016: 32) described how MLM organisations exploded onto the scene in Mexico during the 1980s economic transition to a capitalist market, gaining popularity as citizens sought to live under the new neoliberal model rather than the previous social assistance system.

According to Ulucam, Unusan and Canbolat (2016: 4), MLM prides itself on recruiting new members through independent distributors to foster continuity and expansion of the company and growth. MLM companies are a source of income and support for many families who have no steady incomes or jobs. The business concept has become viable because it generates employment for people. Moreover, the business model has brought in a new marketing strategy compared to traditional marketing. The new channel of product distribution by manufacturers in the current marketing system boycotts the middlemen in the supply chain (Jain et al., 2015.). MLM is generally a different way of selling products to the final consumer.

It is non-store retailing that has consistently broadened in popularity both locally and internationally. Keep and Vander Nat (2014: 194) observed that the MLM structure of business concept is similar to a pyramid shape, but they are not pyramid schemes, although some authors have described multi-level marketing companies as pyramid schemes. The debate is an ongoing discussion, and different researchers have different opinions about the subject matter. Khare and Verma (2016: 8) stated that India's number of independent business owners almost doubled between 2004 and 2009. India ranked 11th amongst the top MLM countries. MLM has increased as a universal concept in recent year, with brands like Amway, Avon, Herbalife, Tupperware, Mary Kay, Shaklee, Oriflame and Nuskin having evolved into household names or brands that the society recognises with the advantages and benefits that the business stands for. MLM brings a significant amount of benefits to the marketplace. It provides opportunities to numerous individuals in society who are under-utilised in the employment market (Prakash 2019: 20). Additionally, MLM provides means for employment; extra income stability; to be an entrepreneur; and a feasible, easy way for people to acquire basic business acumen. People are beginning to pay attention to this unique business model (Khare and Verma 2016: 10).

2.9 Benefits of MLM

According to Veena (2014: 28), Arya and Arya (2014: 100), Isoraite (2020); and Gulabdin et al. (2020), and Thorpe (2018: 2), MLM has the following benefits:

- **Low start-up costs:** MLM start-up capital is usually minimal. Therefore, it is more affordable for individuals to join comfortably. Realistically, start-up capital is expected. However, the potential earning and return in the long run may be high if the commitment is constant. Moreover, there is no need for a specific qualification or skill to join the business (Isoraite 2020; Veena 2014: 30).
- **Personal growth and development:** MLM provide the potential for personal development. The distributor develops relationships and selling skills as products and services are demonstrated to the potential customer. It enables the distributors to have new friends. They also grow in knowing how to relate and recruit members daily. The distributors develop and learn skills like mentoring, coaching and improve on relating and building relationships with the down-line and others. It is also an easy way of developing and networking while doing business. The individual recruited becomes a friend, and it continues in that sequence because they will offer business and personal support when the need arises (Gulabdin et al. 2020: 445). The business helps to develop personal growth through attending training, leadership seminar meetings, motivational talks, reading relevant books and much more (Gulabdin et al., 2020: 448). Training is organised by management and up-line to the down-lines or newly recruited members. Most management equips the up-line with business support material to disseminate the same information to the down-lines. In addition, motivational courses and regular meetings are conducted from time to time to empower new members in skills of recruitment of others.
- **Reduced working hours:** MLM distributors can take advantage of less work and make more money since they generate income from their recruitment and combined down-line effort. Therefore, MLM distributors can multiply the number of distributors and reduce working hours, yet the income continues to grow. The distributors of MLM work at their own time and pace. There is no need to invest regular hours in a particular day for building an MLM business like other corporate jobs. MLM is flexible and can be run anytime, anywhere. Studies show that people like the business because of its flexibility (Isoraite 2020).

- **Security:** MLM distributors usually do not fear being retrenched or laid off because they are their own boss. More often, they are driven at the pace they want to be. If the person is settled in his or her network marketing business, there is no fear of the unknown. Moreover, if the company is genuine, the distributors keep growing the hierarchy and income is generated steadily. The MLM business model offers a distributor an opportunity to enjoy the benefits of traditional business with little risk.
- **Support system:** The MLM distributors support the up-line, sponsors and management. Hence, the more help they get from these sources, the more the business thrives. Once the new members join, the membership tree is like a family and partnership because one is dependent on the other. As the business grows, many individuals join the team. Thus, the survival of MLM is dependent on the distributors for continuous recruitment and product sales.
- **International Business:** MLM operates globally by using the internet. Distributors can sponsor new members from any part of the world. Hence, this makes recruitment much easier than anticipated if they are not limited to their country of origin alone. Businesses are conducted worldwide and distributors can build a global network from their hometown. The company utilises MLM to tell its story globally (Thorpe 2018:2).
- **Independence:** The MLM business makes distributors independent business owners. They work hard because they know the input will determine their income. They sell products and services, recruit new members and earn an income in return. MLM distributors are their own boss and build the business according to their own capacity (Veena 2014: 29).
- **Means of empowerment:** MLM business is a means of empowerment for an unemployed individual looking for an income to help them better their standard of living and to get out of poverty (Isoraite 2020).
- **Residual income:** The benefit of MLM is that the income keeps coming. After building a solid business structure, the income continues to come in. Even if one stops doing the business, but is already a director, the distributors are paid repeatedly from commission, bonuses and incentives. Studies show that in the MLM business, anyone can earn a residual income like royalty income if there is a massive network tree

(Veena 2014: 28). Building a network across different locations, the MLM distributors can build a network within and outside their region and operate globally and locally which is made possible by allowing their distributors to sponsor people from other countries. Anyone can join the business tree around the globe and be an MLM business member under a particular sponsor. Moreover, MLM business helps to reach different places and expand the network marketing business to a different location (Isoraite, 2020).

- **Innovative and quality product:** The MLM business prides itself on manufacturing innovative and quality products to satisfy the customer and make the distributor's job easy. The distributors can convince people to join the business because of the quality product and ability to sell. Once the product features work well, the customer becomes a loyal customer.

2.10 Disadvantages of MLM

According to Veena (2014: 28); and Arya and Arya (2014: 100), MLM has the following disadvantages:

- **Wrong perception:** MLM is perceived as suspicious because of pyramid and Ponzi schemes as many people find it difficult to distinguish between the two. Thus, they would not want to join or give the business an opportunity because they fear a scam (Grob and Vriens 2017: 334, Isoraite, 2020).
- **Lack of selling skill:** In an MLM business, selling is an important aspect. Not many people have the confidence to market a product or know how to approach people. Thus, chances are that the business might fail if the distributor cannot improve their selling skills or develop capacity in recruiting and selling because it is the backbone of the business (Isoraite, 2020).
- **Absence of leadership skill:** As an MLM distributor, there is a need for the leader to teach and mentor on how the business works, as well as for the distributor to develop leadership skills because from time to time, new members are recruited, and they need

to know how the structure operates to attain and achieve success in the long-run. The absence of this might make the business fail.

- **Insufficient preparation:** Every business needs preparation to run the business and learn the processes and procedures. In MLM, many join the business without preparing or knowing the art of the business. Network marketing is a business that requires time and perseverance to build the business to the point of earning residual income. Often, people are looking for get-rich-quick schemes, which does not work with MLM.
- **Lack of building relationships:** MLM works on the premise of relationship and referrals. Therefore, to build a lasting business, the distributor must work on building relationships. Moreover, to survive in the network business, building, maintaining and retaining customer relationships is crucial. The lack thereof will make the MLM business a failure.
- **Competition:** MLM distributors earn income from personal sale and member sales as well. Products and services are the lifeline of MLM. Distributors that recruit individuals are the up-line, while the one being recruited is the down-line. There are numerous MLM companies in the market offering similar products. This has generated more supply with the same demand. Hence, the distributors have to work hard to convince people to join the business because they have different MLM businesses to choose from (Veena 2014: 32).
- **Exploitation of family and friends:** MLM distributors frequently offer their products to family and friends and prevail on them to join the business. Sometimes it pressurises the family, friends and relatives who then avoid the distributor, which can put a strain on relationships.

2.10 Distributors of MLM

Distributors of MLM can be said to be business consultants, business associates, franchise owners, business owners or independent distributors. These are sales force to build, motivate, supply, train and recruit agents encouraged by MLM companies to sell products or services and recruit new members. MLM distributors must demonstrate the

products to the potential new members for the consumer to be educated about the product (Loi and Lee 2015: 107). The MLM is hierarchical and at various levels, down-line and up-line distributors have access to order products directly from the organisation for personal use or sales. For every purchase, a point attached to it. Furthermore, MLM distributors are usually independent demonstrators that distribute their products and recruit new members continually via non-traditional channels. Door-to-door sales, sales appointments and product display events occur.

Thus, such activities limit the involvement of the retail store, distribution reduction and intermediary activity costs for the MLM companies (Albaum and Peterson 2011; Choudhary and Kamal 2013). The distributor is given a discount on the retail price. MLM is a potential business option for individuals searching for a job and who need a source of income for stability. The distributors share the revenue that would have been allocated to the middlemen in the standard traditional marketing setting. In MLM, this money goes to the distributors, while products are available to the consumer at wholesale prices (Korothe 2014: 62). Yaziz, Ismail, Aziz, Hezbollah and Awang (2012: 4) concluded that up-line, down-line and customer and continuous recruitment are the lifeline of MLM marketing for the company's sustainability. It is a business model by which the distributor network is a crucial component of the business.

The newly recruited members are then distributors and continue to recruit others. MLM companies have succeeded in selling products and services directly to the individual, thus becoming one of the best distribution channels in the marketing world. Hence, it stands out from the usual traditional marketing and is gaining ground.

The MLM distributors are compensated via the effort of promoting the product and recruitment of new members. The core premise is to save excessive advertising and distribution costs, allowing active members to become honorary brand advocates after building a client base (Kumar and Satsangi 2018:102) and allowing new distributors to join the business, building multiple independent networks.

2.11 Importance of relationships in MLM

MLM utilises human relationships and social networks as the basis for promoting products to potential customers. The social element is a motivational factor in building a successful business relationship and is often influenced by a positive social environment (Kalkan and Kaygusuz 2012: 6; Isoraite 2020; Selamet and Prabowo 2020:509). It has been observed that customers are more at ease to purchase products from acquaintances and friends due to the relationships they share. The growth and distribution of MLM companies rely heavily on the connection (Franco and Gonzelaz 2016: 30). It was suggested by Korothe and Sarada (2012: 26) that distributors of MLM companies nurture a combination of instrumentality and friendship in developing a network.

Hence, the distributor builds a connection with both their up-line and down-line, respectively. The relationship between friends and up-line has a positive effect in recruiting new participants. MLM members are most times encouraged to bring their friends and relatives to become potential recruits. Distributors are expected to sell the product directly to customers through WOM marketing and relationship referrals (Negi and Pant 2014: 5; Selamet and Prabowo 2020: 509). Hence, network marketing requires developing friends' role within a business relationship. Merrilees and Miller (1999) illustrated in their studies of network marketing sales strategies, that some salesforces intentionally focus their selling and recruiting efforts on the people they do not know. Notwithstanding, when new friends come on board as a down-line, the up-line sponsor might develop a close relationship with them, while the network tree keeps increasing. Furthermore, the marketing strategy engaged within a business relationship harnesses the relationship because there is a need for the up-line and down-line to communicate (Gulabdin et al. 2020: 446; Yaziz, Ismail, Aziz, Hezbollah and Awang 2012).

This network marketing and customer referrals eliminate expenses that could be incurred in advertising. The organisation encourages distributors to socialise and network as a tool for recruiting new members. Relationships play a significant role in developing a network in the MLM system. MLM uses direct WOM marketing to sell products and exploits the network connections of its members through recruitment processes (Pang and Monterola

2017: 1). As a result, the MLM organisation has no specific criteria to be met before joining. The business accepts anyone, regardless of their educational background, experience, gender, work availability or social status (Franco and Gonzalez-Perez 2016: 29).

Consequently, the company can provide income opportunities and financial stability for many who are looking for a means of survival. Hence, MLM company techniques focus on recruitment and retention for expansion and growth. Subsequently, companies across the industries encourage and persuade the salespeople to use their friends and family networks to generate new business leads, thus capitalising on social relationships to achieve business gain.

MLM businesses' strategy model has attracted many distributors to engage in the industry because of its simplicity of access, flexibility, and minimal expertise required due to low barriers to entry and inexpensive recruitment costs. Different groups benefit from MLM in different ways (Isoraite 2020). For distributors, the investment is low; little training is required; and MLM serves as an opportunity to build relationships and develop new networks and friends. For companies, the cost of advertising and recruitment is low in MLM. For the economy, MLM contributes to economic growth and GDP. All the parties involved benefit from the MLM business as a whole (Franco and Gonzelaz 2016: 30; Korothe and Sarada 2012: 26).

2.12 The difference between MLM and pyramid schemes

MLM has been the subject of debate at the level of the European Union (Bosley and McKeage 2015: 85). Bosley and Knorr (2018: 85) established that multi-level marketing organisations now dominate the direct selling industry in the USA, which was not the case in the past. The business model of MLM networks offers higher profits to their distributors, largely dependent on the commission earned. Other schemes do not provide all the necessary details about the products to the distributors and customers, sometimes giving false information. These practices are considered unethical and are seen as misleading commercial practices.

Some of these unprincipled and illegal marketing practices have similar characteristics as legitimate MLM. Albaum and Peterson (2011: 351) further asserted that a pyramid scheme is a fraudulent operation by which promoters enrich themselves in a geometric progression through the payment made by members that join. Pyramid schemes provide substantial benefits for recruiting new members, resulting in a hierarchy of investors organised as modern-day chain letters with a request for funds to recruit more people. A pyramid scheme takes advantage of existing social networks to create a new network of victims and vulnerable people who are unaware of the difference (Bosley and Knorr 2018: 82; Razimi, Romle and Yahya 2017: 13).

Because of the trust individuals have in their friends and family, they ignore scrutiny and due diligence once the business opportunity is presented to them. Many have fallen victim to these schemes (Perri and Brody 2012). The only people that can make money in a pyramid scheme are the people at the top of the pyramid who joined at the earliest stage: they make money while others lose. Thus, the scheme is fraudulent and exploitative. Moreover, MLM and pyramids have multi-level payment systems, and the structure looks the same. However, MLM is a legitimate company that manufactures products or offers services and business opportunity (Ciongradi 2017). The MLM structure and compensation plan offer the likelihood of income from various sources, from the purchase or sale of products and recruitment of new distributors. It is apparent that in the MLM structure, the proceeds from the purchase are shared amongst up-line and down-line distributors.

Legitimate MLM monitor the activities of their independent distributors to be sure they abide by the company rules and regulations governing their policies, that business is conducted acceptably. By contrast, pyramid scheme members simply recruit others to get the commission (Bosley and Knorr 2018: 82; Grob and Vriens 2017: 334). According to the Direct Selling Association (2015), to distinguish MLM from pyramid schemes, a code of ethics is available to guide the public. This code requires that member companies remunerate direct distributors mainly based on sales of products, including services, purchased by any persons for actual use (Aaminou and Aboulaich 2017: 2).

According to the researcher, multi-level companies try to distance their business operations from the pyramid scheme, which is illegal in many ways. However, the controversy about MLM being different from a pyramid scheme is still an issue. This explains MLM companies' negative image and the wrong perceptions by the public (Msosa 2022:143; Razimi, Romle and Yahya 2017: 13). Most members of the pyramid scheme will lose money unless recruiting continues forever, which is impossible (Keep and Vander Nat 2014). Okeke and Nwankpa (2017: 287) determined that the rapid change and growth of MLM has suddenly increased the potential pyramid scheme activities, thus complicating the identification of legal and illegal practices.

The following are some problems that MLM encounters illegal pyramid schemes; misrepresenting the business; exaggerated claims harm customers; and distributors' misuse of their family and friends by putting pressure on them to join. All these are unethical to say the least (Grob and Vriens 2017:335). Given that the MLM industry relies on recruiting, it is a business approach that comes under scrutiny and questioning by the public. Studies carried out by Albaum and Peterson (2011) suggested that consumers often have negative perceptions towards direct selling organisations and MLM because of the aggressive selling practices, over-exaggeration of facts in the recruiting process, and the pyramid structure, which has influenced their negative opinions. Hence, it is still an ongoing discussion by the researchers (Razimi, Romle and Yahya 2017: 12).

2.13 The difference between MLM and Ponzi schemes

A MLM business is very different from a Ponzi scheme. A Ponzi scheme promises returns without fundamental legitimate business or investment action, with returns acquired from the previously recruited investors (Bosley and Knorr 2018: 82; Msosa 2022:143). Table 2.2 enumerates the differences between MLM and Ponzi schemes. The table shows how distributors and people can identify the difference between legal and illegal schemes, since MLM and Ponzi schemes have a similar structure.

Table 2-2: Difference between MLM and Ponzi schemes

MLM	Ponzi schemes
Small investment required	Large investment required
Returns come from actual sales of products and services	High return upon recruitment
Actual products sales	No authentic product for sale
Everybody makes money provided the input	Only people at the top make money
A definite description of the company and its products and services available	Usually has a vague description of the company
Income is made from the sales of products and services and also recruitment	Income is made from the sign-up fees from recruits

Source: Keep and Vander Nat (2014)

Table 2.2 illustrates that MLM is a smart business proposition for many people. The business offers the opportunity to become involved in distributing products to consumers through sale of products and the start-up investment is small and affordable. MLM distributors support the company and training is offered to better understand how the business works. Besides earning money from their direct sales, MLM distributors also receive a percentage of the income made by the distributors that they have introduced to the business, known as down-line. There are bonuses, incentives and commissions that accrue to them (Keep and Vander Nat 2014).

On the other hand, Ponzi schemes are intended to part innocent people from their money, They are fraudulent schemes masquerading as MLM. The difference between a Ponzi scheme and a lawful MLM company is that there is no authentic product sold in a Ponzi scheme, with the promise of high returns and commission based only on the number of new individuals one introduces to the scheme (Grob and Vriens 2017: 335). Usually, the business proposition is vague and most often, people at the top of the scheme make money while others lose money significantly.

2.14 Effect of a quality product in MLM

A quality product is a prominent factor for any manufacturing company to remain in business. A company that produces a quality product that satisfies end-users will stand

the test of time. The experience of using quality product and services speaks for itself and promotes the company image and brand. It is interesting to know that over time, quality products have assisted the distributors' sales effort. Chaubey and Surbramanian (2013) established that a product that provides the opportunity to demonstrate its use and the opportunity to verify product claims are variables that satisfy the consumer. Consumers like a product that gives value for money if the product does what it is meant to do. Furthermore, the product features contributed to the motivation factor that motivates the distributor to join. MLM focuses mainly on innovative quality products, with a wide range of products to satisfy the consumer.

Brem, Maier and Wimschneider (2016) suggest that a company must discover innovative products to accommodate market needs in the direction of achieving sales increase, profit and competitiveness. MLM distributors need to be creative in order to get people to join, and the product needs to be innovative as well. When a product is innovative and high-quality, customers are more involved and supportive (Jain et al. 2015; Lee et al. 2016). Keong and Dastane (2019: 8) indicated that MLM companies that emphasise R&D offer better products and services and provide a competitive advantage. The customer is often the potential distributor in most cases, once impressed by the product's features. Thus, product quality and service remain the most attractive element. Product innovation has given foreign MLM companies a competitive advantage.

Jain, Singla and Shashi (2015: 906) found that consumers derive instant and convincing solutions to their challenges and want innovative, nutritious, healthy and suitable products. Product quality is considered the main reason for purchasing and repurchasing (Devi and Kalaiselvi 2014). The MLM distributor finds it easier to convince the consumer to buy the product if quality can be demonstrated. Quality product and credibility are components of the prospect of enjoying high-quality products at discounted prices, which are foremost driving forces for distributors to join MLM companies (Srilekh and Rao 2016: 2043).

2.15 Benefits of discounts on the products in MLM

The distributors of MLM find discounts given on product exciting and appealing. Silcox (2014) specified that discounted products are one of the reasons they started to launch their direct selling business. Often, people are excited to get a discount on purchases and the additional incentives attached to the products and services can significantly appeal to the participation of distributors. MLM promotes its development by giving attractive discount packages to its members. Selling the product at a higher price than the discounted rate provides the distributor with their profit (Keong and Dastane 2019: 8). However, the MLM company will set the prices that can be charged to customers; for example, Tupperware sells the product to the distributor at a 33.3% discount (say R100) and then the product is sold to the customer for R150. The MLM company will provide the distributor with a list of prices they can charge the customer. This helps to prevent exploitation.

2.16 The distributor's satisfaction in MLM

The distributors are often referred to as business owners, consultants, independent sales force and demonstrators of MLM, but are a non-salaried workforce selling and recruiting new members to earn income. Hence, the proceeds of the distributors are derived from the binary compensation commission system (Lee and Loi 2015: 109). Individual MLM distributors are repaid with their effort in selling products and recruiting down-lines. A distributor is perceived as an entrepreneur because they own the business and work at their own pace. Lee et al. (2016) showed that distributors are most likely from an average educated background and average income earners because of the attraction of MLM low start-up capital and the flexible working hours. However, a commonly held belief is that everyone from all walks of life can now engage in MLM.

According to Sulong, Caneza and Geetha (2017: 359), the opportunity of earning more income or having an alternative source of income is one of the key reasons why people become interested in MLM and join.. According to Comer, Machleit and Lagace's study (as cited in Lee et al. 2015), seven aspects determine the satisfaction of distributors:

distributors' attitude towards the job, workmates, supervisors, company policy, support, remuneration and customers. Distributor satisfaction refers to the eagerness of the distributor to work in a MLM company. In other words, satisfied distributors will exhibit a more outstanding commitment to their work, and the result of such is higher performance (Koroth 2014: 63). Job satisfaction is a recognised correlate of organisational commitment and intention to stay and the dedication to the company and accomplishment invariably substantiate the turnover motivation of the distributor (Lee et al. 2015: 107). Continuous satisfaction over time means that the person will probably remain with the company.

2.17 Influence of compensation packages in MLM

The lucrative compensation plan of MLM is another crucial variable that motivates distributors to work in a committed manner. Keong and Dastane (2019: 9) defined compensation as a set of rewards offered by an organisation in return for people's willingness to execute various jobs and tasks within the company. An effective, profitable compensation policy propels the salesforce to put in their very best, enjoy the opportunity for extra income, obtain rewards, bonuses and incentives, and experience financial stability (Sulong, Caneza and Geetha 2017: 365). Most compensation plans provide benefits to members that are already over level-one. MLM members are employees of the company. They benefit from selling products, receive a commission, bonuses and discounts, and other forms of consideration in return for selling products and services and recruiting new members and earning proceeds from team members's activities, e.g., extra commission for sales made by their downline (Sethi, Chhimpa and Khinvasara 2015: 60).

Lee and Loi (2016: 107) mentioned that the compensation plans in MLM are quite complex. Direct selling organisations pay commissions to their independent consultants through a range of compensation systems (Aaminou and Aboulaich 2017; Singh, Verma, Jaiswal, Singh and Singh 2019: 204). Distributors' effort and performance in recruiting and selling products in proportion to their earnings (Keep and Vandernat 2014; Crittenden and Crittenden 2004), shows that financial remuneration is a motivational factor that inspires people to join MLM industries. Therefore, the attractiveness of the compensation plan and reward policy of MLM firms become the biggest motivator for distributors with

an opportunity to grow their individual income and develop their entrepreneurial careers (Nga and Mun 2011; Koroth and Sarada 2012: 27; Meng and Jin 2018:164). As discussed earlier, distributors are paid not just for their own sales, but also for sales earned by their numerous tiers or recruits. Hence, compensation plans are inextricably linked to the multi-level organisational structure (Aaminou and Aboulaich 2017: 3). Compensation is one of the critical factors in motivation, as an individual tends to accomplish their obligations when they receive adequate returns for their efforts (Myangi 2014).

Taylor (2000) defined five typical MLM organisational structures.

- Unilevel system: This allows for an endless number of front-line recruits. However, the number of levels that can qualify for commissions is limited. Because there is no restriction to the number of people who can join the unilevel plan, new members can join relatively easily (Singh et al. 2019: 203).
- Matrix system: The number of distributors that can be recruited into one's front line is limited (Aaminou and Aboulaich 2017).
- Forced matrix: This matrix is a system where there is a limit to the number of referrals associates can refer.
- Binary systems: Recruiting is done in a two-leg down-line, with incentives to keep volume matching or a balance between the two legs. When both legs reach a certain number of sales units, distributors are awarded commissions (Singh et al. 2019: 203).
- Stairs/ Breakaway systems: These allow distributors to progress through a hierarchy of levels. Each breakaway is a separate entity with a single distributor who receives overrides from the entire breakaway (Aaminou and Aboulaich 2017). According to Taylor (2000: 2-11) "Stairstep/breakaway systems are really nested pyramid schemes, with many pyramids (often polypyramids) nested within a master pyramid or megapyramid".

2.18 MLM up-line and management support

The up-line and down-line relationship are crucial to growth and sustainability in MLM. The up-line is a distributor who recruits other members, known as down-lines. The

support the up-line gives their down-lines goes a long way to building their confidence and stability. Meng and Jin (2018: 164) and Keep and Vander Nat (2014: 189) highlighted that individual distributors are rewarded for their sales efforts and are motivated entrepreneurially as an independent business owner in building team members by recruiting and training the down-line. In addition, the up-line offers training and guidance to their down-lines as a means of support. The companies also provide support in terms of continuous and consistent training, rewards and incentives (Nga and Nadiah Soo 2011: 53). Distributors can increase their communication with customers by being more well-informed about MLM, the products and services they are selling, and the marketing plan.

Attending training seminars, listening to and reading business and other motivational literature, watching other direct selling leaders interact with consumers, and researching potential customers are all ways that distributors learn this expertise. Hence, they can understand better how the business works for effectiveness and productivity. The up-line is expected to have completed the steps and consistently make visible progress to assist the down-lines in acquiring the ultimate achievement and having good relationships amongst themselves. Distributors must provide information and assistance to potential recruits. Veena (2014: 27) believed that lack of support from up-line members and a lack of training can discourage people from joining MLM. Furthermore, MLM members are motivated by the management and their sponsors (leader) to improve sales performance and commitment. Additionally, up-line distributors are assumed to provide emotional support, share information and present practical suggestions to their down-lines to enable them to meet their daily, monthly, quarterly, and yearly targets in sales and recruitment (Meng and Jin 2018: 165).

2.19 Conceptual framework of the study

The literature review, as stated in the preceding sections, served as the foundation for conceptualising the research, which is depicted diagrammatically in the conceptual framework. There were two sorts of variables discussed: dependent and independent variables. Figure 2.8 describes the distributor's motivation that shows dependencies on independent variables, namely up-line and management support; quality and innovative

product; discount on the product; methods of identifying MLM/ Ponzi and pyramid schemes; and compensation package. These are further broken down into different elements.

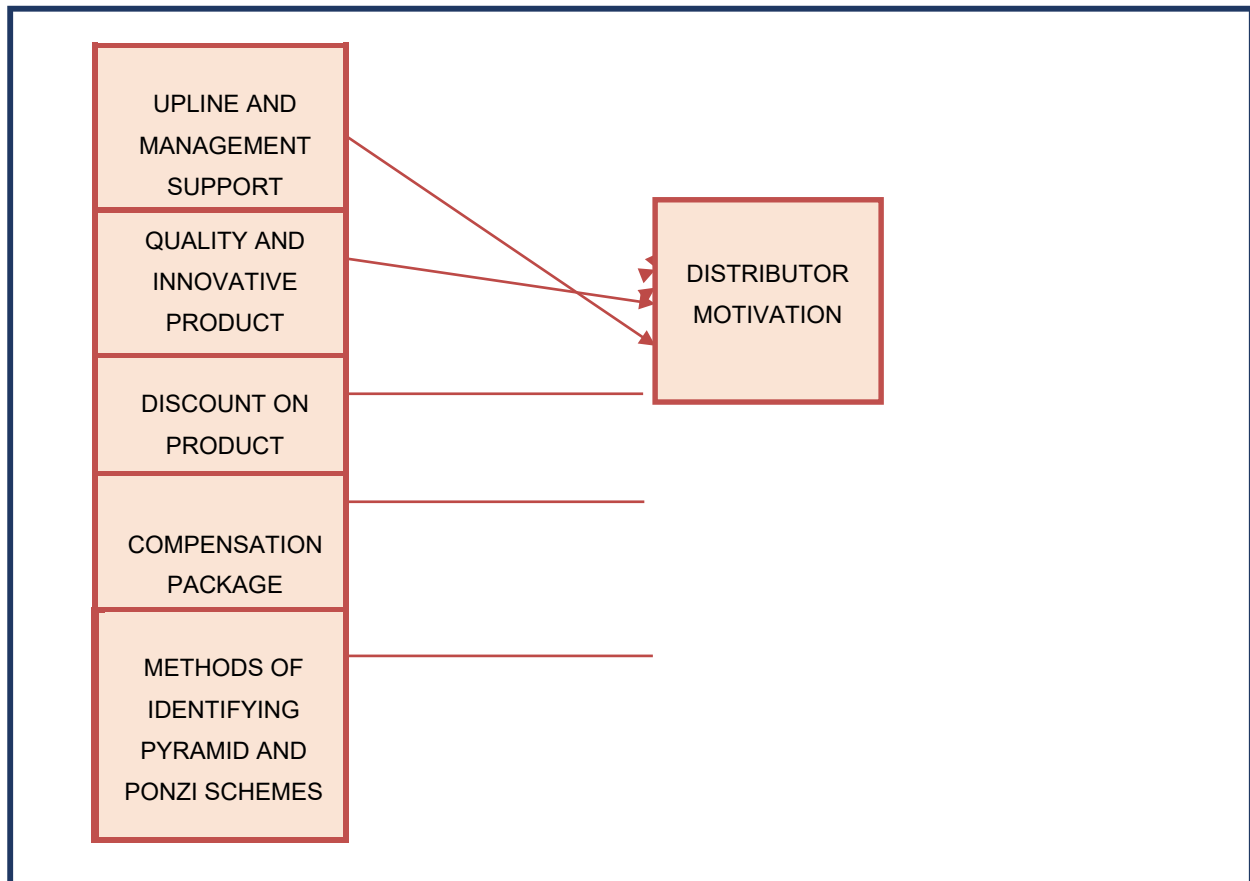


Figure 2.8: Distributor motivation factors

Source: Adapted and modified from Lee et al (2016), Srilekha and Suma Rao (2016) and Keong and Dastane (2019)

Figure 2.8 shows the dependency of five independent variables: Up-line and management support; quality and innovative product; discount on product; compensation package; and methods of identifying MLM and pyramid and Ponzi schemes. These five drivers are regarded as motivators for distributors to engage in MLM.

2.20 Conclusion

The literature review has revealed different aspects of MLM. However, there seem to be limitations based on the determinants of distributors' motivation factors in MLM, specifically in South Africa. The significance of these varying determinations serves as the primary contributor to this study. In the study, the conceptual framework provides the basis for the study of an MLM company in KwaZulu-Natal. Distributors' motivational factors are differentiating MLM and Ponzi/ pyramid schemes, quality and innovative product; discount on product; compensation package, and up-line and management support. This framework is established based on the research objectives. The next chapter presents the research methodology.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The earlier chapter provided a review of the available literature on the theoretical framework and prevailing discussion on motivational factors in MLM. This chapter designates the research methodology utilised for this study. The chapter also illustrates the method followed in carrying out the research, and hence covers the study's type, its data sample, collection and analysis, its delimitations and limitations, its validity and reliability, the anonymity and confidentiality of its respondents, and its considerations. The next section discusses the research design.

3.2 Research design

A descriptive research design was adopted, which was adequate in this research. Tables, charts, and descriptive statistics were used to summarise the findings. In this study, descriptive statistics were used to visualise what the data was indicating. It displayed the data in a more understandable way, allowing for a more accurate assessment of the results. Kumar (2014: 28) indicated that research is a process involving the collection of data, as well as the analysis and interpretation of information to answer questions. This implies that the research process must fulfil certain characteristics linked as far as possible to a control and rigorous system, namely, it must be systematic, valid, and verifiable, empirical, and critical. Leary (2017: 89) stated that descriptive research usually aims at creating an explanation of consumers, a market or a set of experiences. The study was quantitative in nature because data was acquired by distributing questionnaires to study participants with pre-formulated response alternatives (Burns and Bush 2014: 146). The research was both descriptive and cross-sectional. Descriptive research involves monitoring and describing the actions of specific populations in order to determine their characteristics (Burns and Bush 2014: 146). The core aim of this research was to determine distributors' motivational influences in MLM amongst selected companies of MLM in KwaZulu-Natal.

Cross-sectional studies encompass collecting information from any specified sample of population just once (Wiid and Diggines, 2015: 67). In addition, cross-sectional studies are usually performed by means of a sample survey. Wiid and Diggines (2015: 67) also stressed that two characteristics that distinguish cross-sectional studies from longitudinal studies: cross-sectional studies are a snapshot of the variables concerned which are provided at a given point in time, and the sample of elements are representative of the target population. Furthermore, Leedy and Ormrod (2014: 194) indicated that cross-sectional studies use research data that is gathered at a single time.

They also mentioned that cross-sectional studies are rapid and inexpensive to conduct, and the results are simple to interpret. A cross-sectional analysis, on the other hand, is unable to detect changes that may occur over time (Leedy and Ormrod, 2014: 194). The research design in this study is quantitative as closed-ended questionnaires were used to obtain relevant data from respondents. Quantitative research, as described by Nassaji (2015: 129), entails the collection of numerical data and offers a number of advantages. It is a good way to perform statistical calculations like hypothesis testing, chi-square tests, and t-tests. The variables are then measured on instruments to guarantee that statistical processes are used to analyse the data. The quantitative research approach was used to obtain quantitative data in order to address the research objectives.

3.3 Target population

Brown, Suter and Churchill (2018: 205) defined the target population as the whole group of examples from which a researcher is concerned in deriving a conclusion. The target population is described as a group of interest to the researcher, i.e., the group to which the researcher would prefer the study's results to be generalised (Gay and Airasian 2011: 121). The target population comprised distributors of different MLM companies within KwaZulu-Natal province. These organisations included Tupperware, Longrich and Avon.

3.4 Sampling method

Kumar (2014: 193) described sampling as taking any quota of a universe as representative of that population or universe. In this study the researcher opted to use

non-probability sampling that includes convenience sampling, snowball, quota sampling and judgemental sampling (Aaker, Day and Leone 2011: 349). Non-probability sampling was used, and a convenience sampling method of collecting data was adopted. The convenience sampling method makes it easier and faster to obtain information; it is economical; most suitable, appropriate and applicable for this study to keep the cost as low as possible.

3.5 Sample selection and size

According to Wiid and Diggins (2015: 201) the sample size is essential to reveal the true value of the population parameter, which depends not only on the population parameter but also on the behaviour variables in the population. Therefore, a sample is a sub-set of the population utilised to estimate the characteristics of the entire population (Christ 2012: 20). A population may refer to any set of persons having the same observable characteristics. Sekaran and Bougie (2010: 294) stated that sample sizes larger than 30 and less than 500 are suitable for most research. The sample size was 368 participants amongst the KwaZulu-Natal MLM distributors in this research study. This study sample is considered adequate to symbolise the population. Table 3.1 describes the size of the MLM distributors' organisations included in the study.

Table 3-1 Sample size

Sample	Organisations	Data collection method
128	Tupperware: The manager in charge of the Berea section of Tupperware assisted the researcher in coordinating and administering a questionnaire to the respondents.	Personal questionnaire distribution and administration were conducted through Tupperware managers.
120	Longrich: The researcher sent the Survey-Monkey link to the available distributors for data collection.	Questionnaires were sent electronically to the respondents through a link that was created: Survey-Monkey link.
120	Avon: Questionnaires were distributed to Avon respondents via the survey-Monkey link.	Questionnaires were sent electronically to the respondents through a link that was created: Survey-Monkey link.

Source: Self-generated by the researcher

In light of Table 3.1, 368 targeted participants were expected to be part of the investigation. The distributors selected to complete the questionnaires included 128 respondents from Tupperware, 120 respondents were from Longrich and 120 respondents were from Avon.

3.6 Measuring instrument

Burns and Bush (2014: 214) described a data collection instrument as a tool used to collect information in a deliberate manner for the sole purpose of research. This study used questionnaires as the primary data-gathering method. Questionnaires are convenient and appropriate for the study being conducted. The approach used to collect data was as follows:

- **Tupperware:** The manager in charge of the Berea section of Tupperware assisted the researcher in coordinating and administering the questionnaires to the respondents;
- **Longrich:** The researcher sent the Survey-Monkey link to the available distributors for data collection; and
- **Avon:** Questionnaires were distributed to Avon respondents using the Survey-Monkey link.

Malhotra (2013: 57) outlined primary data as information obtained first-hand or originated by the researcher for the specific need of the study. The literature review and the objectives formed the basis on which the questionnaire was developed, which helped the researcher to develop the measuring instrument. The questionnaires were designed using the theoretical framework, research problem, and objectives of the study. The contents of the questionnaire were relevant to the study's theoretical framework, particularly those questions that utilised Likert-scale replies. The questionnaire used for quantitative data collection in this study addressed the biographical variables of the respondents: age, race, gender and marital status.

Questions were structured in simple English for easy understanding. The questionnaire was used as the measuring instrument to determine the motivational factors that influence

distributors in joining MLM in KwaZulu-Natal. The questionnaire was a 5-point Likert scale of strongly agree, agree, neutral, disagree and strongly disagree. Some were hand-delivered (before the COVID-19 pandemic) and others were administered electronically (Survey-Monkey) to the distributors.

3.7 Data analysis

Following data gathering, the first stage is to analyse the data. The process of entering raw data into a data matrix to obtain information that can be used to address the study objectives is known as data analysis. Raw data is unstructured unless it has been organised and summarised, and a set of conclusions has been established. Inspection, purification, later transformation, and data modelling are all terms used to describe data analysis (Wild and Diggines 2015). However, in this study, only the quantitative method was implemented. Zikmund and Babin (2010: 161) indicated that in the field of marketing, academics have generally used SPSS more than other statistical software packages since it is more user-friendly. As a result, the data was analysed and the relevant and necessary statistical tests were conducted using the SPSS statistical package (version 26).

3.7.1 Descriptive Statistics

According to Kent (2007: 296), descriptive statistics are the most efficient means of summarising collected data, using analysis methods that measure central tendency, variation, correlation and specifying the main characteristics of samples. Hence, calculating the sample's means and standard deviations is a frequent descriptive statistical analysis method (McGiven 2006: 468). Tables, charts, and descriptive statistics such as means, percentages, and response frequency graphs were used to show the findings from the data analysis in this study. The number of times a specific value appears in a dataset is termed a frequency count.

3.7.2 Exploratory Factor Analysis

A statistical procedure is used to reduce data to a smaller set of summary variables and explore the phenomena underlying theoretical structure. It is used to identify the

relationships between the variables and the respondents and the constructs that may or may not be apparent from direct analysis (Walliam 2011: 213; Wild and Diggines 2015: 242). For the study, exploratory factor analysis (EFA) verified the connections between dependent and independent variables. Additionally, hypothesis testing and their correlations were used.

3.7.3 Correlation Analysis

A correlation analysis was used in this study to measure the degree of linear association, which extent to which a change in one continuous or interval variable can be associated with a change in another continuous variable (Wild and Diggines 2015: 242). The value of Pearson's coefficient (r) can fall between 0 (no correlation) and + or -1 (strong correlation). The factors influencing distributors' motivation in multi-level marketing, namely quality product, compensation package, discount on products, method of identifying MLM/Ponzi/pyramid scheme, up-line and management support were correlated.

3.8 Pre-testing

A pre-test of the questionnaire was conducted to make any necessary corrections to the instrument. Questionnaire pre-testing comprises conducting a survey on small representative groups of respondents before final surveys are launched (Hair et al. 2013: 202). The aim is to expose errors and problems in order to make necessary corrections and adjustments before questionnaires are finally administered. A pre-test for this study was conducted to ensure validity. The pre-test for this study entails the administering of 10 questionnaires to distributors of MLM.

3.9 Delimitations/scope

This study aims to determine the motivational elements that influence distributors in engaging in MLM companies in KwaZulu-Natal. In this regard, various MLM companies around the KwaZulu-Natal (KZN) region were contacted. The study was limited to KZN only.

3.10 Validity

The study's objectives were used to guide the formulation of the questionnaire. This ensures that what needed to be measured was going to be measured through the measuring instrument. Validity relates to the quality ascribed to the degree to which the study conforms to form knowledge or truth (Aaker, Kumar and Leone and Day 2013: 242). This is the extent to which a research instrument measures what it is designed to measure (Babin and Zikmund 2015: 282). Furthermore, Leedy and Ormrod (2014: 91) concurred that the degree to which measurement tools measure what is supposed to be measured determines their validity. Researchers use a variety of methods to ensure the validity of their measuring tools, including:

- Content validity is the degree to which measurement instruments characterise samples in the areas of content being measured (Leedy and Ormrod 2014: 91);
- Face validity is the level to which the measuring instruments used are observed to measure certain characteristics. Since this is a subjective form of judgement, researchers cannot rely entirely on its veracity (Babin and Zikmund 2015: 282). Moreover, face validity is the logical scale used to reveal what is intended to be measured.

The study's content validity was determined by ensuring that the questions aligned with the research objectives and literature review. Face validity for the study was ensured by speaking with the supervisor and statistician before distributing the questionnaire to the sample population. This ensured that there were no mistakes and that it measured exactly what it was designed to measure. The questionnaire was also pre-tested to ascertain that the questions were well-structured and that all respondents understood and could respond to them. This was done to make it easier for respondents to see what was being asked and answer appropriately during the survey.

3.11 Reliability

A reliability measure is attained by estimating how well the items in the questionnaire yield the same results (Brown, Suter and Churchill 2018:180). Reliability refers to the ability of

a measure to obtain consistent scores for the same variables (Aaker et al. 2013: 243). The reliability tests were conducted using Cronbach's Alpha with SPSS, which was then used to determine reliability, as this is the most frequently used measure of questionnaire reliability (Aaker et al. 2013: 243).

3.12 Anonymity and confidentiality

Anonymity and confidentiality are defined as protecting sensitive information and names, as well as ensuring the privacy of the data given by the participants to the researcher (Crow, Wiles, Heath, and Charles 2008: 1). The data involved in the research was not shared with anyone and respondents were assured that they would not be identified or linked to their responses in any way (Babin and Zikmund 2015: 91). The confidentiality letter was incorporated at the beginning of the questionnaire, guaranteeing the anonymity and confidentiality of the respondent. Only the supervisor and researcher had access to the data, which is to be stored and kept safe with the Durban University of Technology for five years. The electronic copy is kept on a USB in a locked cupboard which only the researcher has access to. After five years, the information will be deleted. The potential respondents were not personally known in any manner. The researcher explained to the respondents that no one would know whether they had answered the questionnaires; it would be private and not shown to anyone apart from the researcher who would work with the data collected.

3.13 Ethical consideration

Kent (2007: 38) defined ethics as issues in client-based marketing research such as confidentiality, privacy, integrity, deception, imposition and misrepresentation. Ethical considerations were monitored in this study, with respondents not being forced to participate, as well as retaining their rights to privacy. Gatekeepers' permission was obtained from the Tupperware, Longrich and Avon MLM companies before the study was conducted, which thereby make certain that ethical concerns were taken into account. Respondents were informed (Letter of information: Appendix A) about the research and its results if they wished to know these outcomes. The researcher ensured that

respondents agreed to take part in the process without any feeling of being pressured to do so. The participants were asked to decide whether they wanted to participate by indicating this before they started answering the questionnaire, and those that refused were left alone. Consent forms (Appendix B) were explained and signed by the respondents, indicating that they clearly understood what was anticipated from them.

3.14 Conclusion

This chapter covered all the necessary aspects of the research methodology and provided the details of the processes used in this study. This chapter aimed to review and clarify the methods by which data was collected. The research design, target population, sample selection and sample size, measuring instrument, data collection, data analysis, validity and reliability, anonymity, confidentiality and ethics were discussed. The following chapter presents the research findings and the analysis of the results.

CHAPTER 4

FINDINGS OF THE STUDY

4.1 Introduction

The aforementioned chapter presented the research methodology used for this study. This section presents the study results and discusses the findings obtained from the questionnaires administered for the study. The questionnaire was used to collect data disseminated to respondents (the distributors) operating in MLM. Data collected from the participants were analysed employing SPSS Version 26.0 software. The results for the quantitative data collected are presented as descriptive statistics in the form of graphs, cross-tabulations and other figures. Standard multiple regression analysis, exploratory factor analysis, Reliability of constructs, correlation and hypothesis testing between the variables were done and inferred using their p-values.

4.2 Response rate

A total of 368 questionnaires were dispersed and administered to participants (distributors) within the KwaZulu-Natal province and all questionnaires were valid as finalised. Therefore, a 100% response rate was attained for the study.

4.3 Research instrument

The research instrument comprised of 35 items, with the measurement being completed at nominal or ordinal levels. This questionnaire was divided into seven sections (Table 4.1), which measured numerous intervals.

Table 4.1: Research instrument sections

1	Biographical data	1–3
2	MLM business	4–8
3	Quality and innovative products and services	9–15
4	Distinguishing between MLM/Ponzi/pyramid scheme	16–20
5	Compensation package	21–25
6	Up-line and management support	26–31
7	Discount on product	32–35

Table 4.1 illustrates that the research instrument consisted of 35 questions. Each was set up on a Likert scale. The questionnaire was divided into seven sections. Section A focused on the biographical data of the respondents, while Section B centred on other constructs of MLM and its variables.

4.4 Reliability statistics

The two essential aspects for establishing the precision of the study results are reliability and validity. A reliability coefficient of 0.07 or higher is considered acceptable (Christ 2012:2). Reliability is determined by responding to the same subject—the Cronbach Alpha scores for all items presented in the questionnaires. Table 4.2 describes the reliability of Constructs and Cronbach's Alpha Scores.

Table 4.2: Reliability of Constructs and Cronbach's Alpha Scores

Constructs	Items	Corrected item-total correlation	Cronbach's alpha	Final number of items and (initials)
Distributor motivation	MMB1	0,508	0,808	5 (5)
	MMB2	0,619		
	MMB3	0,600		
	MMB4	0,617		
	MMB5	0,637		
Quality and innovative product	QIPS1	0,480	0,832	7 (7)
	QIPS2	0,662		
	QIPS3	0,607		
	QIPS4	0,527		
	QIPS5	0,562		

	QIPS6	0,607		
	QIPS7	0,615		
Methods of identifying	MID1	0,573	0,778	4 (5)
	MID3	0,600		
	MID4	0,608		
	MID5	0,561		
Compensation package	ACP1	0,589	0,814	5 (5)
	ACP2	0,644		
	ACP3	0,638		
	ACP4	0,638		
	ACP5	0,533		
Up-line and management support	UMS1	0,714	0,899	6 (6)
	UMS2	0,751		
	UMS3	0,781		
	UMS4	0,615		
	UMS5	0,773		
	UMS6	0,727		
Discount on product	DP1	0,635	0,841	4 (4)
	DP2	0,673		
	DP3	0,765		
	DP4	0,634		

Table 4.2 provides the reliability scores for all sections that exceed the recommended Cronbach's alpha value of 0.70 for a newly develop construct (Bonett 2014: 3). This indicates a degree of acceptable, consistent scoring for these sections of the research. This is mainly due to the interpretation of the statements that constituted the section.

4.5 Demographics of respondents

This section presents results that relate to the demographics of respondents. It includes gender, race, age, marital status and the highest level of education. This study targeted 368 distributor respondents operating in MLM in the KwaZulu-Natal province. In this section, frequency tables were used to present the profile of respondents. Figure 4.1 indicates frequencies and percentages aligned to respondents' gender. Figure 4.1 also indicates that most respondents in this study were female (68.5%), while the male percentage was 31.5%.

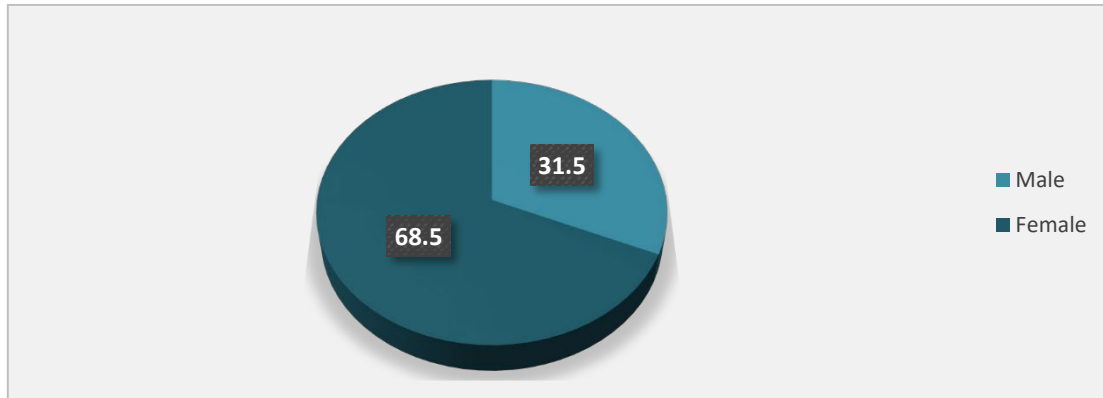


Figure 4.1: Gender composition

Figure 4.2 represents respondents' age group.

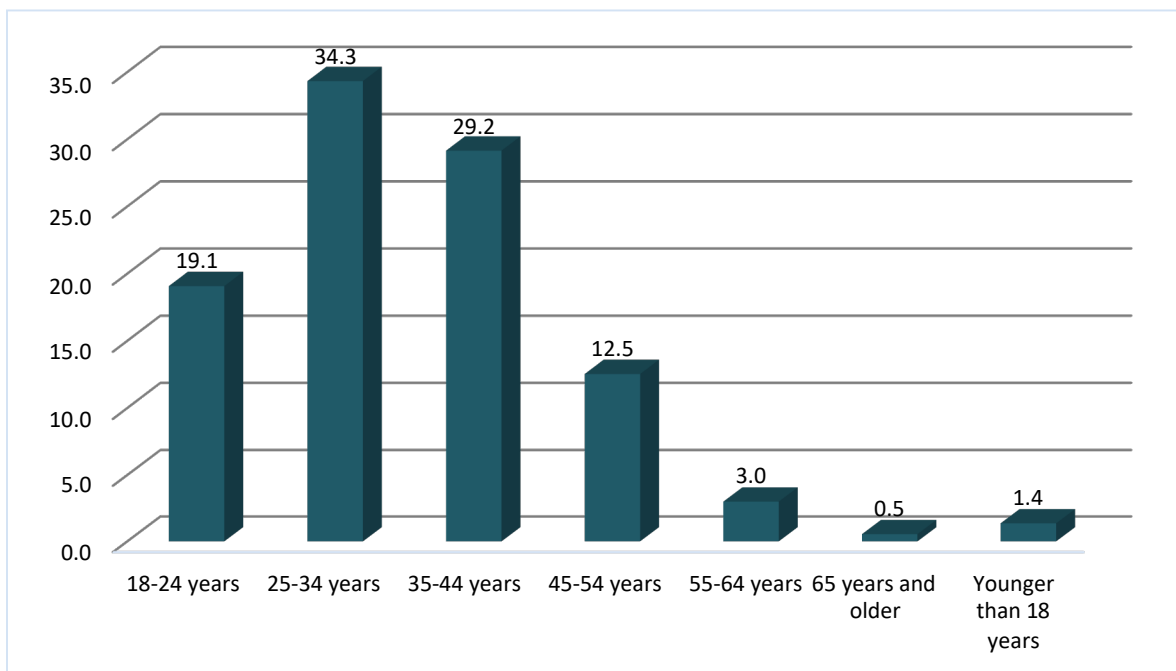


Figure 4.2: Age distribution of respondents

34.3% represents the highest category of respondents (between 25 to 34 years) that participated in this study; the 35-to-44-year age group comprised 29.2% of the respondents; the age group between 18 and 24 years represented 19.1% of respondents, while those between 45 and 54 years comprised 12.05%. A meagre fraction of respondents were 55 to 64 years (3.0%). The 65 years and older and respondents were 0.5% and 1.4% respectively.

younger than 18 years had the lowest respondent participation 0.5% and 1.4% respectively.

Figure 4.3 describes the racial structure of the sample population.

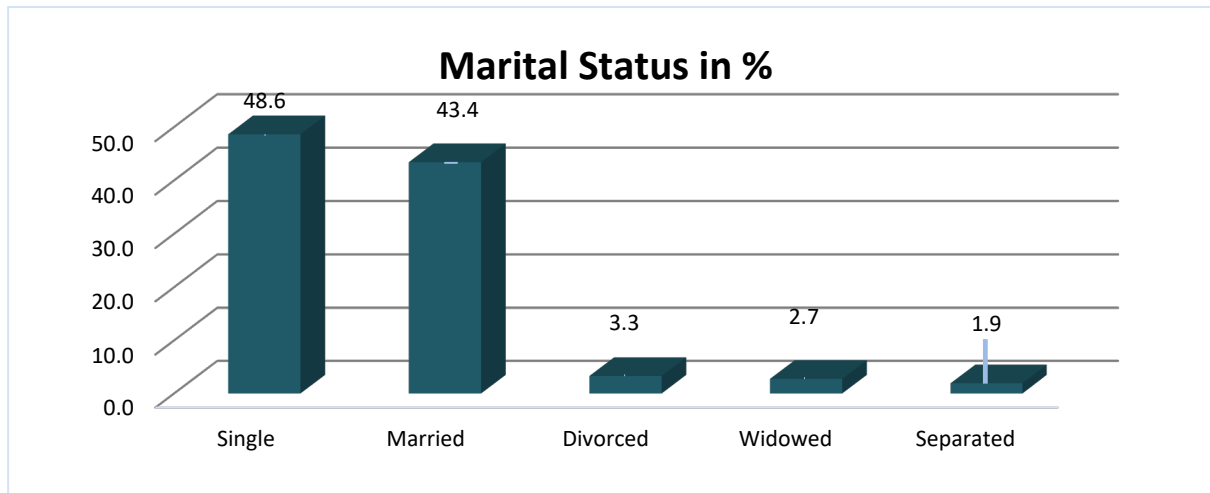


Figure 4.3: Marital Status

As illustrated in Figure 4.3, 48.6% of respondents were single, followed by those who were married (43.4%), and those who were divorced at 3.3%; widowed at 2.7% and separated at 1.9%.

Figure 4.4 describes the racial categories of the respondents.

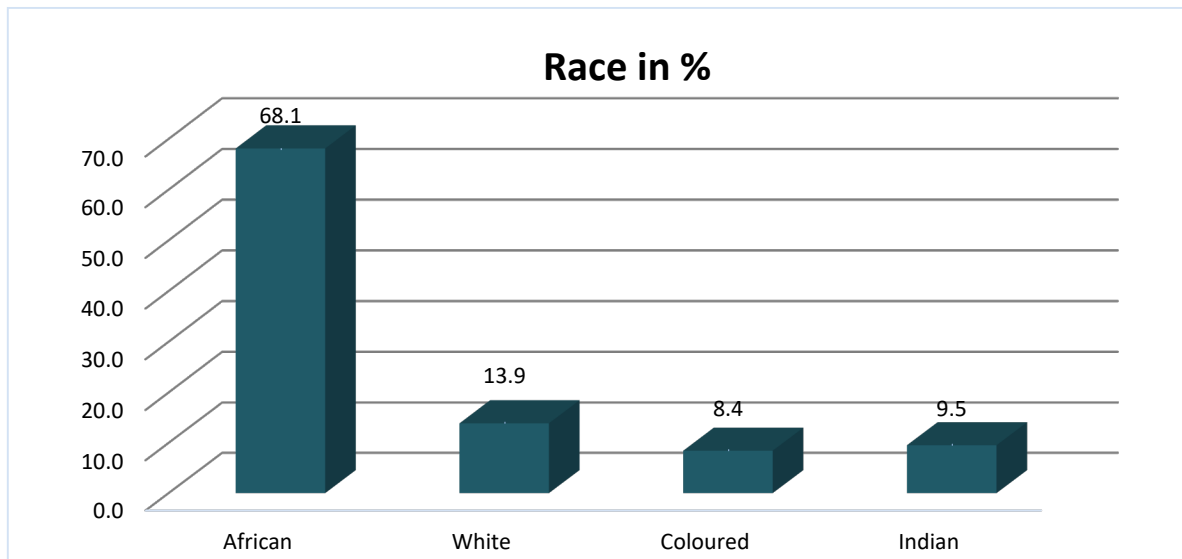


Figure 4.4: Racial composition of the sample population

Figure 4.4 shows that most respondents are African, with 68.1% of the sample population comprised mainly of Africans 68.1%, followed by Whites 13.9%, Indians at 9.5% and Coloureds at 8.4%.

Figure 4.5 highlights the highest education levels.

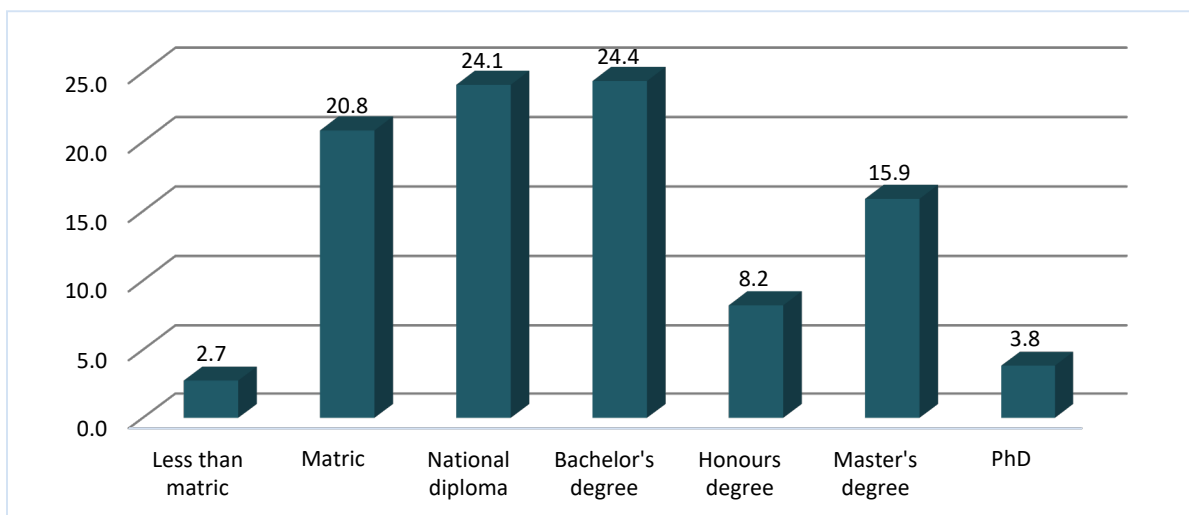


Figure 4.5: Highest education levels

Figure 4.6 illustrates the grades completed by those with no matric qualification.

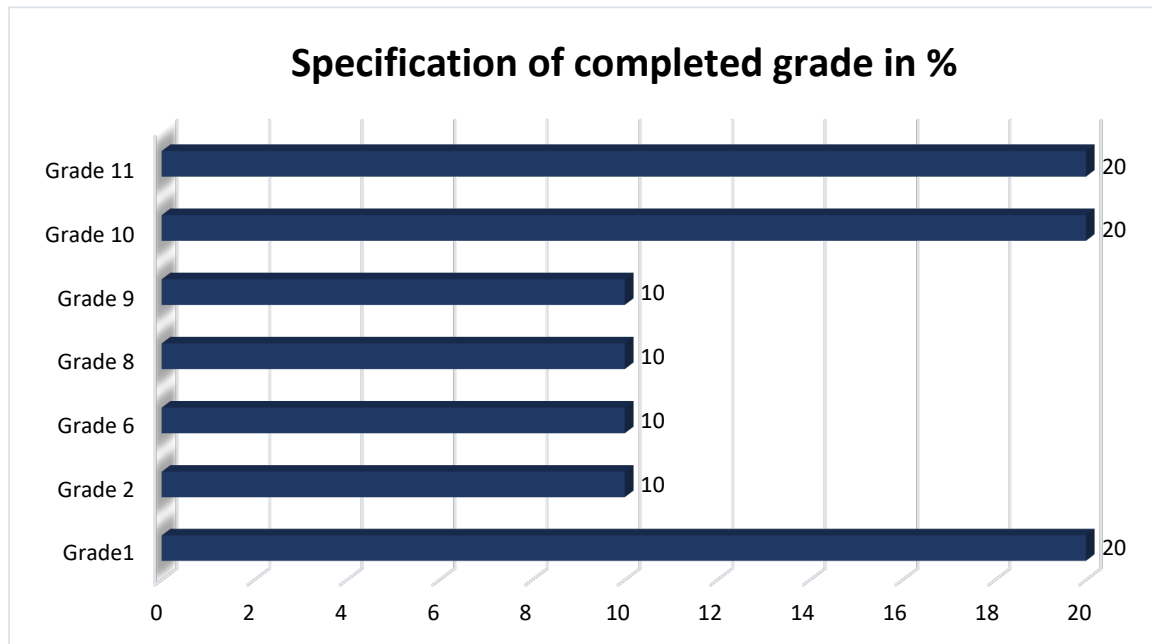


Figure 4.6: Specification of completed grade

As indicated in Figures 4.5 and 4.6 above, 24.4% of respondents had a bachelor's degree, followed by those with a national diploma 24.1%. A further 15.9% of respondent had a master's degree, while 3.8% had a PhD. Of the respondents who indicated that they had less than matric, 20% had completed Grades 1, 10 and 11, respectively. This shows that a MLM business can be done by anyone, regardless of their level of educational background.

4.6 Other descriptive statistics

This section presents the frequency and percentage results of questions on the source of knowledge about the MLM business and the critical interest factor. Figure 4.7 explains the source of knowledge about MLM business.

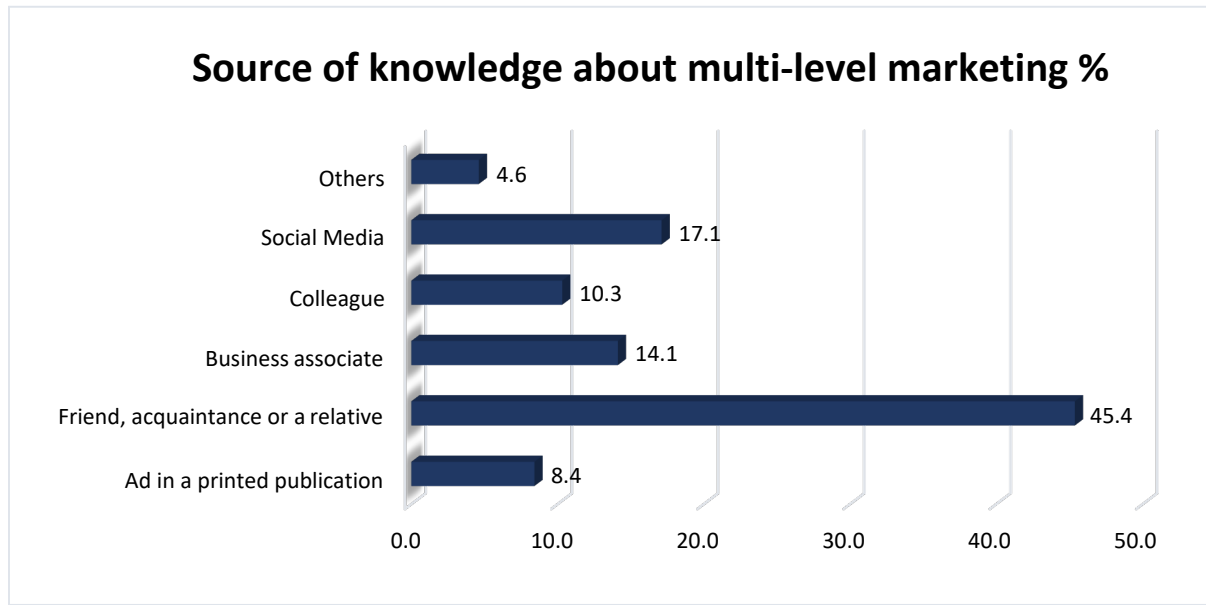


Figure 4.7: Source of knowledge about the MLM business

Figure 4.7 shows that 45.4% of respondents acquired knowledge of the MLM business through their friends, acquaintances or from relatives, which shows that WOM and directing marketing are powerful tools in MLM. In addition, 17.1% of respondents indicated that they knew about MLM through social media; followed by 14.1% of distributors who were introduced to the business by their business associates; while 10.3% of respondents were by colleagues, followed by 8.4% and 4.6% of respondents through others and printed publications respectively.

Figure 4.8 illustrates the key factors that sparked interest in the MLM business

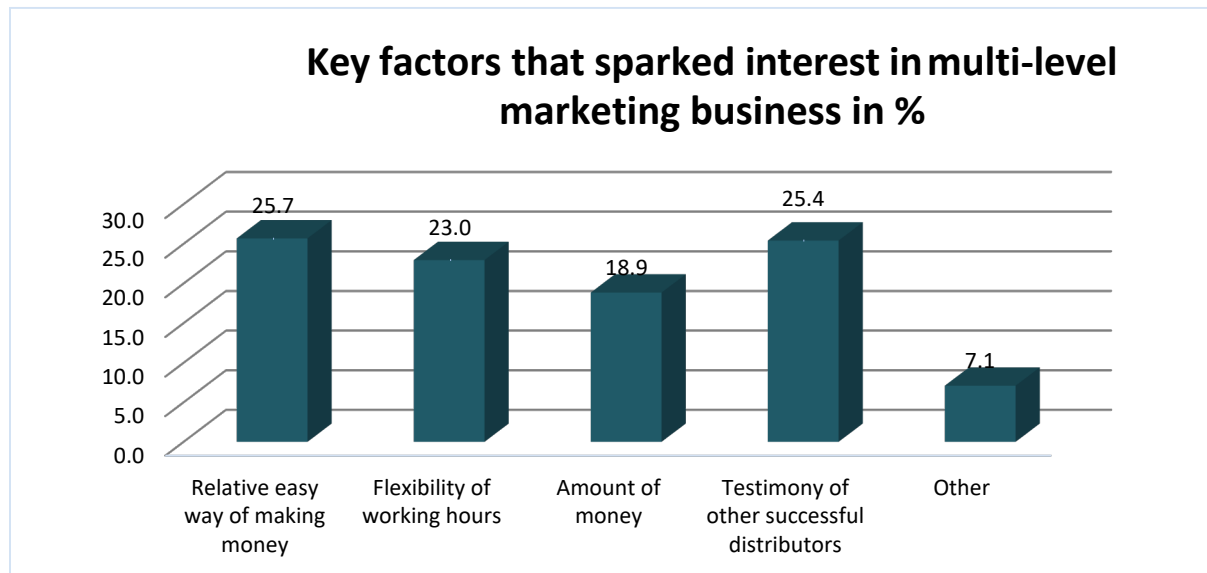


Figure 4.8: Key factors that sparked interest in the MLM business

Figure 4.8 shows that 25.7% of respondents consider MLM as a relatively easy way of making money. The results indicated that the respondents (25.4%) were motivated because of the testimony of other successful distributors, which proves that testimonials are a powerful driving force that compels people to join MLM. A further 23.0% of respondents joined the business because of the flexibility of working hours, followed by 18.9% of respondents whose key factor that sparked their interest in MLM was the amount of money that could be made. Lastly, 7.1% of respondents were influenced for other reasons.

4.7 Descriptive analysis of constructs

This section evaluates the motivational factors that influence distributors in joining MLM companies in KwaZulu-Natal. A series of statements were proposed and respondents were asked to rate their level of agreement with each statement. The scale ranged from strongly disagree (1) to strongly agree (5), with disagree (2), neutral (3) and agree (4) in between.

4.7.1 Distributor Motivation

Table 4.3 represents the quality and innovative products that motivate individual to join MLM.

Table 4-3: Quality and innovative product

	Frequency	Valid Percent	Mean	Std. Dev.
I was well motivated before joining a MLM				
Strongly Disagree	5	1.4	3.83	0.89
Disagree	18	4.9		
Neutral	100	27.2		
Agree	158	42.9		
Strongly Agree	87	23.6		
Total	368	100		
I felt comfortable with the manner the MLM business was introduced to me				
	Frequency	Valid Percent		
Strongly Disagree	4	1.1	3.96	0.81
Disagree	14	3.8		
Neutral	64	17.4		
Agree	198	53.8		
Strongly Agree	88	23.9		
Total	368	100		
I was introduced to the relevant information about the business opportunity before joining				
Strongly Disagree	4	1.1	3.94	0.85
Disagree	19	5.2		
Neutral	65	17.7		
Agree	188	51.1		
Strongly Agree	92	25		
Total	368	100		
I feel good about recruiting friends. relatives. neighbours and colleagues to MLM				
Strongly Disagree	9	2.4	3.76	0.95
Disagree	25	6.8		
Neutral	93	25.3		
Agree	160	43.5		

	Frequency	Valid Percent	Mean	Std. Dev.
Strongly Agree	81	22		
Total	368	100		
The opportunity for growth and development in MLM industry motivates me				
Strongly Disagree	6	1.6	3.92	0.88
Disagree	18	4.9		
Neutral	68	18.5		
Agree	183	49.7		
Strongly Agree	93	25.3		
Total	368	100		
Mean=3.88				
Std. Dev.=0.6				

The results presented in Table 4.3 show that most respondents agreed with all the statements about joining MLM, where 53.8% of respondents agreed and strongly agreed (23.9%) that they felt comfortable with the manner in which MLM was introduced to them. In comparison; 51.1% of respondents agreed and strongly agreed (25%) that they had been introduced to the relevant information about the business opportunity before joining. Moreover, 49.7% of respondents agreed and 25.3% strongly agreed that the opportunity for growth and development in the MLM industry motivated them; whereas 43.4% of respondents agreed that they felt good about recruiting friends and relatives, neighbours and colleagues to MLM. Lastly, 42.9% of respondents agreed that they were well motivated before joining MLM. Not many respondents disagreed with the statement about distributor motivation. Therefore, in conclusion, the overall results indicated that respondents are well motivated about MLM.

Table 4.4 explains the distributor motivation in terms of frequency and valid percentage, mean and SD. The questions focused on the products of the MLM company.

Table 4.4: Product quality of MLM company is a motivational factor that influences distributors

	Frequency	Valid Percent	Mean	Std. Dev.
The product quality of MLM company is a motivational factor that influences distributors				
Strongly Disagree	3	0.8	4.00	0.72
Disagree	4	1.1		
Neutral	64	17.4		
Agree	216	58.7		
Strongly Agree	81	22		
Total	368	100		
The products are innovative and suitable for use				
Strongly Disagree	6	1.6	4.08	0.75
Disagree	2	0.5		
Neutral	47	12.8		
Agree	216	58.7		
Strongly Agree	97	26.4		
Total	368	100		
Product quality is considered a key factor for purchasing and repurchasing				
Strongly Disagree	3	0.8	4.21	0.74
Disagree	5	1.4		
Neutral	36	9.8		
Agree	192	52.2		
Strongly Agree	132	35.9		
Total	368	100		
Product demonstrations among customers to test and verify product claims are elements that motivate purchase				
Strongly Disagree	3	0.8	4.15	0.74
Disagree	4	1.1		
Neutral	47	12.8		
Agree	193	52.4		
Strongly Agree	121	32.9		
Total	368	100		

	Frequency	Valid Percent	Mean	Std. Dev.
I feel a sense of satisfaction when the products meet my expectations and offer solutions to my problems				
Strongly Disagree	2	0.5	4.27	0.73
Disagree	5	1.4		
Neutral	36	9.8		
Agree	175	47.6		
Strongly Agree	150	40.8		
Total	368	100		
The MLM company has provided product/Services with complete labels and content.				
Strongly Disagree	3	0.8	3.95	0.80
Disagree	9	2.4		
Neutral	82	22.3		
Agree	184	50		
Strongly Agree	90	24.5		
Total	368	100		
The product/services from the MLM companies are very attractive and well-packaged				
Strongly Disagree	6	1.6	3.99	0.81
Disagree	9	2.4		
Neutral	60	16.3		
Agree	201	54.6		
Strongly Agree	92	25.0		
Total	368	100.0		
Mean =4.09				
Std. Deviation =0.53				

According to the results, respondents mostly agreed with the statements on quality and innovative products and services. Most respondents (58.7%) agreed and strongly agreed (22%) that the product quality of MLM companies was a motivational factor that influences distributors. A further 58.7% of respondents agreed and strongly agreed (26.4%) that the products were innovative and suitable for use, while 54.6% also agreed and strongly agreed (24.5%) that products or services from MLM companies are very attractive and well-packaged.

Moreover, 52.4% of respondents agreed and 32.9% strongly agreed that product demonstrations amongst customers, testing and verifying product claims, were elements that motivated purchases. A further 52.2% agreed and (35.9%) strongly agreed that product quality was a key factor in purchasing and repurchasing. On whether the MLM company provided products or services with complete labels and content, 50% of respondents agreed and 24.5% strongly agreed with the statement. Moreover 47.6% of respondents agreed and 40.8% strongly agreed that they felt a sense of satisfaction when the products met their expectations and offered solutions to their problems. Not many respondents disagreed with the statement on quality and innovative products of MLM companies. In conclusion, the overall results indicate that respondents had a good perception of quality and innovative products and services from MLM companies.

4.7.2 Methods of Distinguishing between MLM and Pyramid Schemes

Table 4.5 describes the methods of identifying the difference between MLM and pyramid schemes.

Table 4.5: Methods of Identifying the difference between MLM and pyramid schemes

	Frequency	Valid Percent	Mean	Std. Dev.
I can differentiate MLM from pyramid schemes based on the knowledge I have from training				
Strongly Disagree	7	1.9	3.81	0.89
Disagree	17	4.6		
Neutral	94	25.5		
Agree	172	46.7		
Strongly Agree	78	21.2		
Total	368	100		
The rules and regulations of MLM make the distributor's job easier				
Strongly Disagree	83	22.6	2.04	0.70
Disagree	188	51.1		
Neutral	97	26.4		
Agree	0	0		

	Frequency	Valid Percent	Mean	Std. Dev.
Strongly Agree	0	0		
Total	368	100		
Distributors make income from sales and recruitment in MLM				
Strongly Disagree	1	0.3	4.13	0.71
Disagree	2	0.5		
Neutral	58	15.8		
Agree	193	52.4		
Strongly Agree	114	31		
Total	368	100		
The actual product and services rendered by MLM companies make distributor distinguish between MLM and Ponzi scheme				
Strongly Disagree	5	1.4	3.89	0.83
Disagree	12	3.3		
Neutral	84	22.8		
Agree	185	50.3		
Strongly Agree	82	22.3		
Total	368	100		
The MLM companies give compensation plan to distributors as supposed to Ponzi and pyramid				
Strongly Disagree	4	1.1	3.89	0.83
Disagree	10	2.7		
Neutral	93	25.3		
Agree	175	47.6		
Strongly Agree	86	23.4		
Total	368	100		
Mean =3.60				
Std. Deviation =0.46				

As presented in Table 4.5, the results indicate that respondents mostly agreed with the statements on identifying the difference between MLM and Ponzi/pyramid schemes.

Results show that 52.4% of respondents agreed and 31% strongly agreed that distributors made an income from sales and recruitment in MLM. Some 50.3% agreed that the actual products and services rendered by MLM companies helped distributors distinguish

between MLM and Ponzi schemes. Moreover, 47.6% of respondents agreed that MLM companies provided a compensation plan to distributors, as opposed to Ponzi and pyramid schemes.

A further 46.7% of respondents agreed that they could differentiate MLM from pyramid schemes based on the knowledge they had from training. However, most respondents (51.1%) disagreed that the rules and regulations of MLM made the distributors' job more manageable. Additionally, 25.5% of respondents were neutral concerning the statement on whether they could differentiate MLM from pyramid schemes based on the knowledge they had from training, and 25.3% were neutral regarding whether MLM companies have a compensation plan to distributors, as opposed to Ponzi and pyramid schemes.

Moreover, 22.8% of respondents were neutral about whether the actual products and services rendered by MLM companies helped the distributor distinguish between MLM and Ponzi schemes. In conclusion, the overall results indicate that while some respondents were neutral regarding the statements identifying the differences between MLM and Ponzi or pyramid schemes, most of them agreed with the statements.

4.7.3 Compensation package

Table 4.6 illustrates the compensation package that motivates distributors of MLM.

Table 4.6: Compensation package motivating distributors of multi-level marketing:

	Frequency	Valid Percent	Mean	Std. Dev.
The attractive compensation plan motivates distributors of MLM				
Strongly Disagree	3	0.8	4.09	0.74
Disagree	5	1.4		
Neutral	53	14.4		
Agree	203	55.2		
Strongly Agree	104	28.3		
Total	368	100		
Bonuses. incentives. commission make MLM more attractive to distributors				
Strongly Disagree	3	0.8	4.16	0.76
Disagree	5	1.4		

	Frequency	Valid Percent	Mean	Std. Dev.
Neutral	47	12.8		
Agree	187	50.8		
Strongly Agree	126	34.2		
Total	368	100		
The opportunity to earn an income gives financial satisfaction and security to distributors				
Strongly Disagree	2	0.5	4.14	0.74
Disagree	7	1.9		
Neutral	46	12.5		
Agree	195	53		
Strongly Agree	118	32.1		
Total	368	100		
I feel a sense of joy working at my own pace. being my boss and personal accomplishments				
Strongly Disagree	3	0.8	4.24	0.70
Disagree	2	0.5		
Neutral	31	8.4		
Agree	199	54.1		
Strongly Agree	133	36.1		
Total	368	100		
The opportunity to travel globally by being a distributor of MLM				
Strongly Disagree	9	2.4	4.02	0.89
Disagree	9	2.4		
Neutral	63	17.1		
Agree	173	47		
Strongly Agree	114	31		
Total	368	100		
Mean =4.00				
Std. Deviation =0.58				

Given the results in Table 4.6, most respondents (55.2%) agreed and strongly agreed (28.3%) that the attractive compensation plan motivated distributors of MLM marketing. A further 54.1% of respondents agreed and 36.1% strongly agreed that they felt a sense of joy working at their own pace, being their own boss and achieving personal goals. Some 53% of respondents agreed and 32.1% strongly agreed that the opportunity to earn an income gave financial satisfaction and security to distributors; while 50.8% agreed and

34.2% strongly agreed that bonuses, incentives and commission made MLM more attractive to distributors. A further 47% of respondents agreed and 31% strongly agreed that there was an opportunity to travel globally by being a MLM distributor. Not many respondents disagreed with the statements on the compensation package provided by MLM. In conclusion, the overall results indicate that respondents had a good perception of the attractive compensation packages of MLM.

4.7.4 Up-line and management support

Table 4.7 represents the up-line and management support in the jobs distributors were doing.

Table 4.7: Up-line and management support

	Frequency	Valid Percent	Mean	Std. Dev.
My Up-line is capable in the job he/she is doing				
Strongly Disagree	6	1.6	3.92	0.86
Disagree	14	3.8		
Neutral	72	19.6		
Agree	186	50.5		
Strongly Agree	90	24.5		
Total	368	100		
I received support and help from my Up-line and management.				
Strongly Disagree	8	2.2	3.90	0.89
Disagree	16	4.3		
Neutral	71	19.3		
Agree	183	49.7		
Strongly Agree	90	24.5		
Total	368	100		
My Up-line always shows interest in the concerns, need and growth of their down-line				
Strongly Disagree	7	1.9	3.91	0.84
Disagree	11	3.0		
Neutral	73	19.8		
Agree	195	53		
Strongly Agree	82	22.3		
Total	368	100		

	Frequency	Valid Percent	Mean	Std. Dev.
My Up-line is always available to help their down-line				
Strongly Disagree	3	0.8	3.96	0.80
Disagree	11	3		
Neutral	74	20.1		
Agree	188	51.1		
Strongly Agree	92	25		
Total	368	100		
The training I got from my up-line and management has encouraged me in continuing in MLM				
Strongly Disagree	10	2.7	3.90	0.91
Disagree	15	4.1		
Neutral	68	18.5		
Agree	184	50		
Strongly Agree	91	24.7		
Total	368	100		
Management input has helped and motivated me to achieve success as a distributor in MLM				
Strongly Disagree	8	2.2	3.89	0.88
Disagree	15	4.1		
Neutral	71	19.3		
Agree	190	51.6		
Strongly Agree	84	22.8		
Total	368	100		
Mean =3.91				
Std. Deviation =0.71				

The results presented in Table 4.7 show that most respondents agreed with all the statements measuring the contribution of up-line and management support to the success of the distributor. Most respondents (53%) agreed and 22.3% strongly agreed that their up-line always showed concern for the interests, needs and growth of their down-line; 51.6% of respondents agreed and 22.8% strongly agreed that management input has helped and motivated them to be able to succeed as a multi-level marketer distributor because of them. A further 51.1% of respondents agreed and 25% strongly agreed that

their up-line was always available to help their down-line, while 50.5% agreed and 24.5% strongly agreed that their up-line was capable in the job they were doing.

Moreover, 50% of respondents agreed and 24.7% strongly agreed that the training they received from their up-line and management had encouraged them to continue in MLM, whereas 49.7% agreed and 24.5% strongly agreed that they received support and help from their up-line and management. Therefore, it can be said that not many respondents disagreed with the statements measuring the contribution of up-line and management support to the success of a distributor in MLM. As such, the overall results indicate that respondents had a good perception of the contribution of up-line and management support to the distributors' success.

4.7.5 Discount on Products

Table 4.8 indicates the up-line and management support were most respondents agreed with all the statements measuring whether discounts on the products motivate distributors.

Table 48: Discount on products given by the MLM company's

	Frequency	Valid Percent	Mean	Std. Dev.
Discounts on products given by the MLM company's make distributors happy				
Strongly Disagree	5	1.4	4.10	0.82
Disagree	7	1.9		
Neutral	55	14.9		
Agree	180	48.9		
Strongly Agree	121	32.9		
Total	368	100		
Distributors can make profits on discounted products				
Strongly Disagree	3	0.8	4.18	0.77
Disagree	6	1.6		
Neutral	46	12.5		
Agree	181	49.2		
Strongly Agree	132	35.9		

Total	368	100		
Discounts received by MLM motivate distributors				
Strongly Disagree	2	0.5	4.18	0.73
Disagree	4	1.1		
Neutral	46	12.5		
Agree	188	51.1		
Strongly Agree	128	34.8		
Total	368	100		
Discounts given to the distributors have made them continue in the MLM business				
Strongly Disagree	3	0.8	4.19	0.72
Disagree	2	0.5		
Neutral	42	11.4		
Agree	196	53.3		
Strongly Agree	125	34		
Total	368	100		
Mean =4.16				
Std. Deviation =0.62				

The table shows that 53.3% of respondents agreed that their up-line always paid attention to the concerns, needs and growth of their down-line and 34% strongly agreed that discounts given to distributors had made them continue in the MLM business. Additionally, 51.1% of respondents agreed and 34.8% strongly agreed that discounts received by MLM motivated distributors; while 49.2% agreed and 35.9% strongly agreed that distributors could make profits on discounted products. Moreover, 48.9% of respondents agreed and 32.9% strongly agreed that discounts on products given by the MLM company made distributors happy.

Thus, it can be said that not so many respondents disagreed with the statements that measure whether discounts on products motivate distributors. The overall results reveal that most respondents agree that discounts on products can encourage distributors. Table 4.8 describes the discount on products given by the MLM companies that make distributors happy.

The results in Table 4.8 indicate that a majority of respondents tend to agree with the statements measuring “Discount on Products” because the overall mean (M=4,16) score is above 3.5.

Figure 4.9 shows the highest mean scores of items.

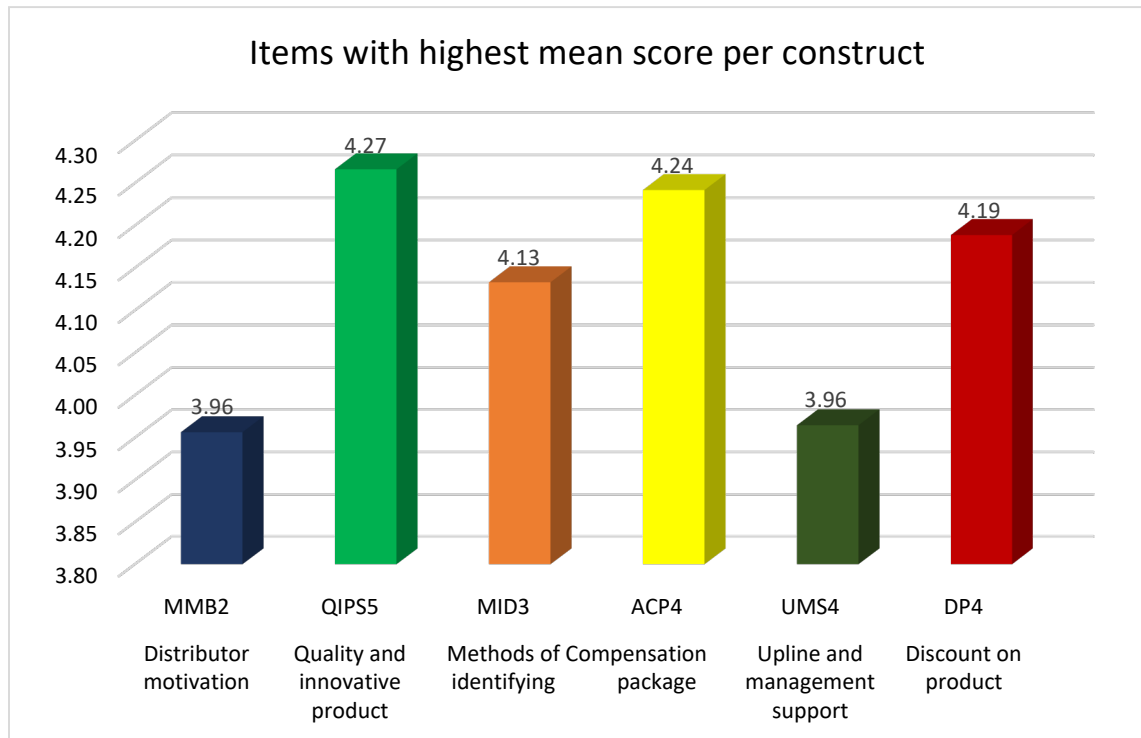


Figure 4-9: Highest mean scores of items

The results in Figure 4.9 indicate that the construct of Quality and Innovative Products Services (QIPS) has the item with the highest mean score (M=4, 27 respectively) amongst the remaining constructs, which means that the respondents agreed with the statements measuring the quality of the product. They mostly agreed on the statement: “I feel a sense of satisfaction when the products meet my expectations and offer solutions to my problems”. Following is the statement “I feel a sense of joy working at my own pace, being my own boss and personal accomplishments” (M=4, 24) from the construct Attractive Compensation Package (ACP), indicating that most people agreed with the statement. The results also show that the respondents agreed with the ACP statement because the

overall mean score is above 3.5 (M=4, 13). Furthermore, the respondents agreed with the statement QIPS (M=4.19).

Figure 4.10 describes the overall mean and standard deviations for distributors' motivational factors in MLM.

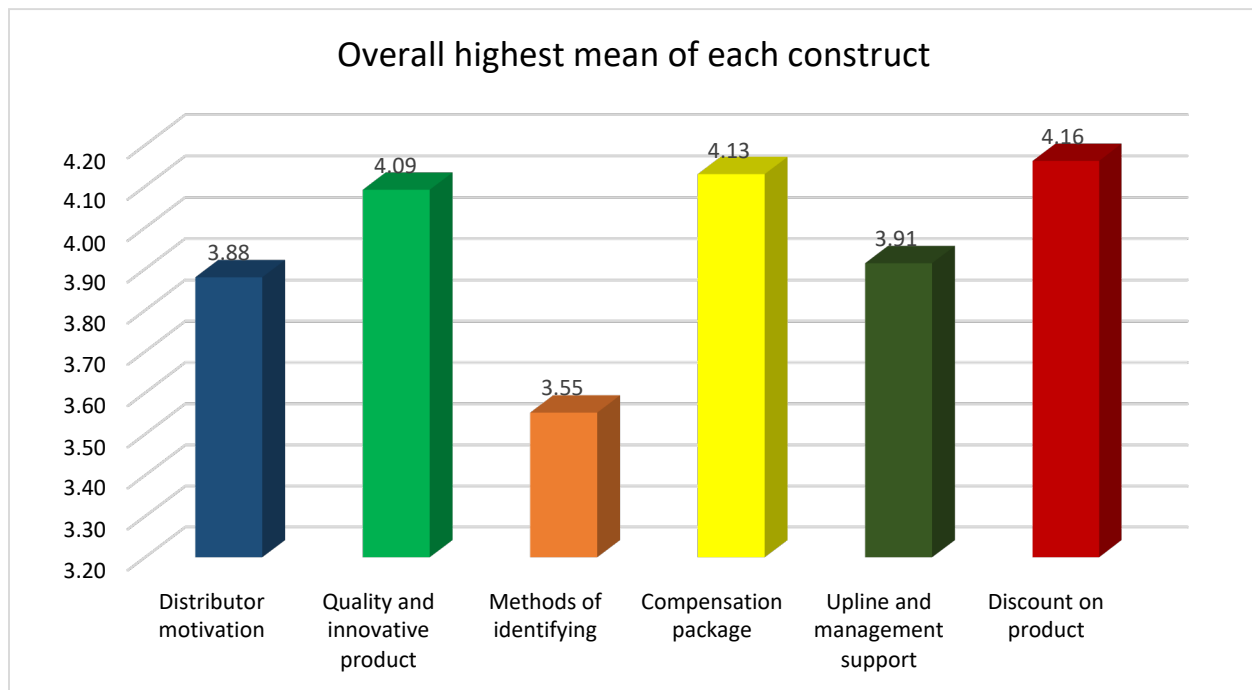


Figure 4.10: Overall mean scores

Figure 4.10 indicates the overall of mean of each construct. Therefore, the overall highest mean of each construct is as follows:

- Discount on was 4.16%
- Compensation package was 4.13%
- Quality and innovative product was 4.09%
- Up-line and management support was 3.91%
- Distributor motivation was 3.88%
- Methods of identifying the difference between MLM and pyramid scheme, which was 3.55%

4.8 Exploratory factor analysis

The exploratory factor analysis (EFA) was implemented to test the structure of the six constructs involved in the study (distributor motivation; quality and innovative product; methods of identifying; compensation package; up-line and management support; and discount on product). Moreover, it also permitted the researcher to assess the validity of the scales used empirically. The purpose of the factor analysis is to organise the large data into small data sets, which helps the researcher to measure the structure of variables according to theory.

The Kaiser-Meyer-Olkin (KMO) (Table 4.9) measure was calculated to ascertain that the sample was suitable for factor analysis. Table 4.9 highlights the suitability of the data because the KMO value (.917) is superior to the threshold of 0.6, and Bartlett's Test of Sphericity is significant (.000) (Pallant, 2010:199).

Table 4.9: KMO Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.917
Bartlett's Test of Sphericity	Approx. Chi-Square	5611.276
	Df	496
	Sig.	0.000

Table 4.9 on the KMO Bartlett's Test explains that the main component with orthogonal rotation (Varimax) was used as the extraction method. This method was selected because it essentially captures the components with high eigenvalues and organises them in order of importance. Table 4.10 provides details regarding the contribution of each factor to the total variance.

Table 4.10: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.006	31.268	31.268	10.006	31.268	31.268	4.203	13.134	13.134
2	2.833	8.855	40.123	2.833	8.855	40.123	3.482	10.880	24.014
3	2.177	6.804	46.927	2.177	6.804	46.927	3.455	10.796	34.810
4	1.873	5.854	52.780	1.873	5.854	52.780	3.402	10.631	45.441
5	1.459	4.560	57.340	1.459	4.560	57.340	2.760	8.626	54.068
6	1.103	3.448	60.788	1.103	3.448	60.788	2.150	6.720	60.788

Extraction Method: Principal Component Analysis

The PCA reveals the presence of six (6) factors with eigenvalues exceeding 1. According to Table 4.10, component 1 has the uppermost eigenvalue (10.006), which corresponds to 31.268% of the total variance; while component 6 has an eigenvalue of 1.103, which symbolises 3.448% of the total variance. Table 4.11 shows the rotated component matrix.

Table 4.11: Rotated component matrix

	Component					
	1	2	3	4	5	6
UMS3	0.823					
UMS5	0.820					
UMS2	0.801					
UMS6	0.758					
UMS1	0.708					
UMS4	0.592			0.379		
QIPS7	0.330	0.681				
QIPS5		0.673				0.335
QIPS3		0.642				
QIPS2		0.641	0.337			
QIPS6		0.621				
QIPS4		0.609				
MMB2			0.759			
MMB3			0.733			
MMB5			0.690			
MMB4			0.654			
MMB1			0.639			
QIPS1	0.305	0.334	0.424			
DP3				0.815		
DP4				0.754		
DP2				0.747		
DP1				0.657		
MID3					0.787	
MID4					0.770	
MID1					0.749	
MID5					0.719	

MID2					-0.641	
ACP3				0.327		0.737
ACP5			0.396			0.707
ACP2				0.446		0.522
ACP4		0.413		0.382		0.490
ACP1		0.311	0.307	0.352		0.363

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalisation.

a. Rotation converged in 6 iterations

Table 4.11 offers details on the items related with each component. The number of factors per component was established based on the factor loadings and the number of items. Pallant (2010:194) proposed two elements of importance to consider when concluding factors: (i) factor loading of above 0.3 should be well-thought-out as a good factor; and (ii) a component of more than 3 items. According to the results, both elements are supported. As shown in Table 4.11 for instance, QIPS7 loads both in component 1 and component 2, but it loads better in component 2 with the rest of the items. QIPS2 loads both in component 2 and component 3, but it loads better in component 2 with the rest of the items.

The EFA indicates that all the six constructs loaded well in their respective components. However, MID2 had a factor loading of above 3. This item should be deleted. In summary, the inclusive results of factor analysis are satisfactory since all six components: (1) distributor motivation, (2) quality and innovative products, (3) methods of identifying, (4) compensation package, (5) up-line and management support and (6) discount on product were in accordance with the theoretical structure.

4.9 Reliability of constructs

Reliability is the extent to which the measurement of a phenomenon provides stable and consistent results (Taherdoost, 2016). The reliability analysis was conducted on the following constructs (distributor motivation, quality and innovative products, methods of identifying, compensation package, up-line and management support and discount on product), including their internal consistency items. Item MID2 was not considered

because it had the lowest value, as recommended by Pallant (2010). The cut-off value of Cronbach's alpha is 0.7 (Hair et al., 2013), although 0.6 is sometimes acceptable (Malhotra, Nunan & Birks, 2017). The results in Table 4.11 validated that all the constructs were internally consistent in their measurement because the Cronbach's Alpha value ranged within the required thresholds (0.6 and 0.7). After the deletion of the item, the results in Table 4.11 showed that all the constructs were internally consistent in their measurement.

4.10 Standard multiple regression

This statistical method was implemented because the model's dependent variable is continuous (Pallant, 2010). Two assumptions were considered before conducting the multiple regression test: normality (Table 4.12) and multicollinearity (Table 4.13). Each of these assumptions was checked and discussed.

▪ Normality

A normality test was conducted to confirm if the data was well distributed. Kline (2015) recommended that the indicators' skewness and kurtosis values should be below ± 3 and ± 10 , respectively. Table 4.12 indicates that the assumption of univariate normality was met because the skewness and kurtosis of the constructs' values fell within Kline's (2015) recommended threshold.

Table 4.12: Normality

	Skewness	Kurtosis
Distributor motivation	-0.674	1.186
Quality and innovative product	-0.932	2.300
Methods of identifying	-0.517	1.153
Compensation package	-0.789	2.335
Up-line and management support	-1.120	2.352
Discount on product	-0.769	1.866

4.11 Assumption of multicollinearity

A multicollinearity assessment was conducted to assess if there is a high correlation between independent variables (quality and innovative product, methods of identifying, compensation package, up-line and management support, and discount on product). Multicollinearity is measured by examining the Tolerance and Variance Inflation Factor (VIF). The Tolerance value is expected to be above 0.1, and the VIF needs to be below 10 (Pallant 2010). The results (See Table 4.13) show no multicollinearity issues because the values met the required threshold.

Table 4.13: Collinearity statistics

	Tolerance	VIF
Quality and innovative product	0,530	1,886
Methods of identifying	0,997	1,003
Compensation package	0,476	2,101
Up-line and management support	0,626	1,597
Discount on product	0,557	1,795

4.12 Correlation analysis

The correlation analysis was implemented on data obtained for the study. Positive values indicated a directly proportional relationship between variables and negative values designated inverse relationships. All significant relationships are shown using asterisks (*) or double- asterisks (**). The correlation test was conducted to ascertain the relationships between the constructs (quality and innovative product, methods of identifying, compensation package, up-line and management support, and discount on product). The significance of the relationship between variables is determined by the p-value below 0.05. This means that all the variables with a p-value less than 0.05 have a significant relationship. The values with (**), (*) indicate a substantial relationship between the constructs at 95 or 99 confidence intervals.

The results in Table 4.14 indicate that there is a positive and significant correlation between all the constructs. The results in Table 4.14 also show that all factors were

significantly correlated to the determinant of distributors' motivational factors in MLM. The correlation between the constructs was strong.

For instance, there is a significant correlation between distributor motivation and quality and innovative product ($r=0.536^{**}$; $p<0.001$); and between quality and innovative product and compensation package ($r=0.615^{**}$; $p<0.001$). Hence, it can be concluded that all the factors correlated with distributor motivation in engaging in MLM.

Table 4.14: Correlations

		DISTRIBUTOR MOTIVATION	QUALITY AND INNOVATIVE PRODUCT	METHODS OF IDENTIFYING	COMPENSATION PACKAGE	UP-LINE AND MANAGEMENT SUPPORT	DISCOUNT ON PRODUCT
DISTRIBUTOR MOTIVATION	Pearson r	1					
	P-value (2-tailed)						
QUALITY AND INNOVATIVE PRODUCT	Pearson r	.536**	1				
	P-value (2-tailed)	0.000					
METHODS OF IDENTIFYING	Pearson r	.118*	0.023	1			
	P-value (2-tailed)	0.024	0.657				
COMPENSATION PACKAGE	Pearson r	.516**	.615**	0.016	1		
	P-value (2-tailed)	0.000	0.000	0.760			
UP-LINE AND MANAGEMENT SUPPORT	Pearson r	.472**	.545**	0.049	.539**	1	
	P-value (2-tailed)	0.000	0.000	0.344	0.000		
DISCOUNT ON PRODUCT	Pearson r	.369**	.551**	0.010	.625**	.464**	1
	P-value (2-tailed)	0.000	0.000	0.850	0.000	0.000	

** . Correlation is significant at the 0.01 level (2-tailed).

4.13 Model Evaluation

A standardised multiple-linear regression test was conducted to evaluate the impacts of predictors (discount on the product, methods of identifying, up-line and management support, quality and innovative product and compensation package) on the dependent variable (distributor motivation). The results show (See Tables 4.15a and 4.15b) that the model predicting distributor motivation is statistically significant ($F=43.661$; $R^2=0.376$; $p<0.001$). This result suggests that these predictors (quality and innovative product, methods of identifying, compensation package, up-line and management support and discount on product) explain up to 37.6% in the variance of distributor motivation.

Table 4.15a: Model predicting distributor motivation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.613 ^a	0.376	0.368	0.52668

a. Predictors: (Constant), Discount on the product, Methods of identifying, Up-line and management support, Quality and innovative product, compensation package

b. Dependent Variable: Distributor motivation

Table 4.15b: Model predicting distributor motivation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	60.556	5	12.111	43.661	.000 ^b
	Residual	100.416	362	0.277		
	Total	160.971	367			

a. Dependent Variable: Distributor motivation

b. Predictors: (Constant), Discount on the product, Methods of identifying, Up-line and management support, Quality and innovative product, compensation package

4.14 Hypotheses testing

The results in Table 4.15 indicate the predictive effects of distributor motivation:

Finding 1: Distributor motivation is driven by quality and innovative products

According to the results, quality and innovative product has a positive ($\beta=0.299$) and statistically significant ($P=0.000$) impact on distributor motivation.

Finding 2: Distributor motivation is driven by methods of identifying differences between MLM and pyramid/Ponzi scheme

According to the results, Methods of Identifying differences has a positive ($\beta=0.098$) and statistically significant ($P=0.019$) impact on distributor motivation.

Finding 3: Distributor motivation is driven by the compensation package

According to the results, the Compensation Package has a positive ($\beta=0.257$) and significant ($P=0.000 > 0.05$) impact on distributor motivation.

Finding 4: Distributor motivation is driven by up-line and management support

According to the results, up-line and management support has a positive ($\beta=0.186$) and significant ($P=0.000 > 0.05$) impact on distributor motivation.

Finding 5: Distributor motivation is not driven by discount on product

According to the results, discount on Product has a negative ($\beta=-0.044$) and non-significant ($P=0.433 > 0.05$) impact on distributor motivation. Therefore, one can conclude that Quality and innovative product, Methods of identifying, Compensation package, and Up-line and Management support determine distributor motivation.

Table 4.16: Dependent variable: distributor motivation

Model		Standardised Coefficients	t-value	P. value
		Beta		
1	(Constant)		0.899	0.369
	Quality and innovative product	0.299	5.239	0.000
	Methods of identifying	0.098	2.363	0.019
	Compensation package	0.257	4.276	0.000
	Up-line and management support	0.186	3.545	0.000
	Discount on product	-0.044	-0.785	0.433

a. Dependent Variable: Distributor motivation

4.15 Conclusion

This chapter presented the findings on the data collected from the 368 questionnaires that were administered. Reliability tests were done and the results show that reliability

scores for all sections (approximate) exceed the recommended Cronbach's alpha value, thus signifying the degree of acceptability. Hypothesis testing in all instances between the variables was significant. The results for hypothesis testing were accepted except for the discount on the product. These results showed that correlations between variables regarding distributor motivation, quality and innovating product, compensation package, method of identifying MLM and pyramid scheme, Up-line and management support were directly proportional to each other and influenced each other positively, and that all influenced distributors' motivational factors in MLM.

There is a significant correlation between all five variables. There is a relationship between all the constructs. The questionnaire responses were analysed through descriptive statistical techniques using SPSS. Graphs and tables depicted the various responses. All the researcher's research objectives were addressed and achieved. The final chapter looks at the conclusions drawn from the study and offers recommendations to stakeholders as well as recommendations for further studies to be conducted on the determinants of distributors' motivational factors in MLM.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The discussion of the findings was presented in the previous chapter. The conclusions of this study and recommendations for future research are presented in this chapter. The chapter also highlights the contributions of this study to the body of knowledge. The study aimed to examine the factors that motivate distributors in engaging in MLM in KwaZulu-Natal. This chapter explains how the study's objectives were met, discusses the major findings, and explains their relevance. Limitations, gaps, and areas for future research are also considered and reported. This chapter concludes with a summary of the research's impact and an explanation of how the recommendations connect to the findings.

5.2 Summary of the study

This study aimed to determine the motivational factors that influence distributors in engaging in MLM companies in KwaZulu-Natal.

- To investigate the influence of a good understanding of quality and innovative products as it relates to distributors' satisfaction in MLM;
- To establish if a discount on the product can motivate distributors in joining MLM; and
- To ascertain the influences of an ACP for the distributors of MLM;
- To determine the influences of up-line and management support has as a contribution to the success of distributors.
- To examine the methods of identifying the difference between MLM and Ponzi/Pyramid schemes.

Chapter 1 introduced MLM as one of the fastest-growing non-retail systems, which has been adopted by many companies in recent years and is gaining momentum in business circles. This chapter focused on the background to MLM and its target population,

consisting of distributors of MLM. The chapter also presented the research problem and the aim and objectives of the study. In addition, it addressed the rationale behind the study and briefly explains the research methodology adopted for the study.

Chapter 2 presented a theoretical framework for the study; reviewed the scholarly literature related to the research; and gave an overview of the literature on MLM, which explains factors motivating distributors. The study looked at motivational factors from different authors' perspectives and discussed the factors influencing distributors in engaging MLM. These variables included compensation package, discount on products, quality and innovative products, methods of identifying and up-line and management support. Certain variables were investigated for each of these factors and conclusions were drawn based on comparisons with the reviewed literature. Numerous theories formed the basis for the theoretical framework used in conducting this study.

Chapter 3 presented an overview of the research methods used to conduct the study's empirical research and concentrated on the research design, data sampling, analysis and collection.

Chapter 4 analysed, interpreted and presented the results for the study. The study was quantitative with 368 questionnaires used to collect data from distributor respondents. The results demonstrate that compensation package, quality product and innovation, methods of identifying, up-line and management support influenced distributors' motivation, while discount on products did not.

Chapter 5 draws conclusions on what was proven in the previous chapters and provides recommendations based on the research results. It also highlights the purpose of this study, which was to determine the factors that motivate distributors in engaging in MLM in KwaZulu-Natal.

5.3 Achievement of the research objectives

5.3.1 Objective 1: To examine the methods of identifying the difference between MLM and Ponzi/Pyramid schemes.

The results showed that most respondents agreed that identifying the difference between MLM and Ponzi/pyramid schemes influences distributor motivation. This was sustained by the hypothesis test results, which showed a significant relationship between the method of identifying the difference between MLM and the Ponzi/pyramid scheme and distributor motivation. All the correlation results were positive and the variables were directly linked. Overall, the study revealed that identifying the difference between MLM and Ponzi/pyramid schemes influences distributor motivation. This factor helped distributors to continue to engage in MLM. This was supported by previous studies from the literature review (Aaminou and Aboulaich 2017; Ciongradi 2017; Okeke and Nwankpa 2017: 287).

5.3.2 Objective 2: To investigate the influence of a good understanding of quality and innovative products related to distributor satisfaction in MLM.

The second objective was to determine the influence of quality and innovative products related to distributor satisfaction in MLM. The results revealed that a significant relationship existed between quality and innovative products and distributor motivation. The hypothesis test results showed this as the variable was positive and directly related. It indicated that quality and innovative products influence distributors. This supports Jain et al. (2015: 906) and Sulong, Caneza and Geetha, (2017) who ascertained that consumers derive instant and convincing solutions to their problems and want innovative, nutritious, healthy and suitable products. A quality product is vital because distributors need to be confident to introduce others to the business because of the quality and innovation of a product which can solve customers' problems. Hence, product quality is considered a prime motivator for purchase and repurchasing (Devi and Kalaiselvi 2014).

Srilekh and Rao (2016) identified quality and innovative products as factors that motivate distributors. Similarly, Jain et al. (2015) and Sulong et al. (2017) established that quality and innovative products were the most influential factors motivating distributors.

5.3.3 Objective 3: To ascertain the influences of an attractive compensation package for the distributors of MLM.

A significant relationship was found between an attractive compensation package and distributor motivation. The variables had substantial values and the results displayed that most respondents agreed that they considered compensation reward a motivating factor. The correlation between compensation package and distributor motivation is directly related to proportionality. This indicates that the compensation package influences distributors. Overall, an attractive compensation package, as shown by those results, indicated that it had a significant positive relationship. This agreed with the literature review and supported the general notion that states that financial reward is a motivational factor that encourages people to join MLM industries (Keep and Vander Nat, 2014; Lee and Loi 2016: 107; Sethi, Chhimpa and Khinvasara 2015: 60).

Therefore, the attractiveness of the compensation plan and reward policy of MLM firms become the most lucrative motivator in recruiting distributors, with an opportunity to grow individual income and entrepreneur career development to join and remain in the MLM business (Nga and Mun 2011; Keong and Dastane 2019; Korothe and Sarada 2012: 27 Meng and Jin 2018:164; Liman, Aliyu and Halliru 2020).

5.3.4 Objective 4: To establish if a discount on the product can motivate distributors in joining MLM

The study results show that a discount on the product had no significant relationship with distributor motivation, with negative values and inverse relationships. The results indicated agreement by most respondents that the discount on the product did not influence the distributor. However, the correlation between discount on products and distributor motivation is significant. This corresponds with the results of a study shown by

Sulong et al. (2017), which specifies the least hypotheses and negatively related determinants for distributor motivation.

Therefore, this factor only moderately influences distributor motivation in MLM since their level of correlation was moderate when compared to other determinants encompassed in the study. However, these results were justified when assessed against similar studies (Sulong et al. 2017).

5.3.5 Objective 5: To determine the influences of Up-line and management support contributing to the success of distributors

The study results show that up-line and management support's influence distributor motivation. The majority of responders agreed with the questionnaire statements, demonstrating this. In addition, hypothesis test results for the study show significant relationships between up-line and management support's influence on distributor motivation. It supposes that management put everything in place for the up-line to support the distributors. In that case, this will encourage the up-line to discharge their duty confidently, providing that they receive support and help from the company (Lee and Loi 2016; Srilekha and Suma Rao 2016). Management support needs to come from various direct selling chains such as stockists, up-line, sales representatives, head office and other agents. Sulong et al. (2017) and Keong and Dastane (2019) agreed that up-line and management support has a significant positive influence on distributor motivation, in which the distributor finds the support helpful. It has contributed to the success of them engaging in MLM.

5.4 Contribution of the study

The purpose of this study was to determining the motivational factors that influence distributors in engaging in MLM companies in KwaZulu-Natal. It was stated in this study that the different factors influencing distributors' motivation comprised the compensation package, discount on the product, methods of distinguishing between MLM/Ponzi and pyramid schemes, up-line and management support and quality and innovative product. These factors highlight the importance of up-line and management support in the MLM

business as a whole. In addition, the study shows a significant correlation between all five variables, as well as between all the constructs. However, only four out of five factors are the essential drivers or variables that motivate distributors in engaging in MLM. These factors are quality and innovative product; compensation package; method of distinguishing between MLM and Ponzi and pyramid schemes, up-line and management support.

Therefore, these factors are useful in helping and motivating distributors in engaging in MLM and ensuring the best recruitment of new members into the business and their retention. This may be important in contributing to and enhancing distributors' satisfaction. A focus on these factors could contribute to the growth and expansion of the business, given that all these variables are determinant components of distributors' motivation in engaging in MLM. In light of the aforementioned, various authors such as Bosley and McKeage (2015), Jain et al. (2015), Keep and Vander Nat (2014), Korothe and Sarada (2012), Lee et al. (2016), Liman et al. (2020) Srilekha and Suma Rao (2016); and Sulong et al. (2017) also affirmed that all these drivers contributed significantly to the development, growth and expansion of the MLM business. In addition, various other reliable information supported these claims.

Therefore, it can be concluded that quality and innovative products, methods of distinguishing between MLM/Ponzi and pyramid schemes, compensation packages, up-line and management are supporting and contributing determinants of distributors' motivation and satisfaction. Discount on the product was not determined to be a prime motivator but it can influence distributors in MLM.

5.5 Limitations of the study

The following were found to be the limitations of this study:

- This study focused only on distributors from KwaZulu-Natal province. Hence the results may not be applicable to other MLMs in South Africa;

- Due to budget and time restraints, as well as the emergence of Covid-19, this study was limited to MLM companies within KwaZulu-Natal only. The data collection was dependent on companies that allowed the researcher to have access to their distributors.

5.6 Recommendations

Based on the study's findings, the following recommendations are made:

- Up-line and management support and training from management should be more grounded so the distributors can have enough knowledge about the products and pass the knowledge to the customers. Furthermore, training on skills development will enhance the distributors' confidence and selling approach, which will improve and reflect on their performance, productivity and output.;
- Quality and innovative product was shown to exert the greatest influence on distributors' motivation. Therefore, MLM companies must continue to offer innovative and quality products for their customers which is the reason for purchase and repurchasing. This will make it easier for distributors to be able to confidently tell more individuals about the business;
- It is also recommended that distributors should be able to identify, distinguish and differentiate between MLM and Ponzi/pyramid schemes which will enable them to be able to engage well in the business and will help to put new members' minds at ease, thereby benefiting from the opportunity the MLM business offers;
- The study suggests that all the motivational factors identified in this study should be focused on motivating distributors to do their best in the business for growth and development. The more motivated the distributors are, the more productivity the company will enjoy;
- MLM companies should further improve on compensation packages (bonuses, commission, incentives, discount and rewards) offer to distributors in order for them to be more committed and motivated to continue to sell products and recruit more members. This was considered an important influence by study respondents;

- The study shows that MLM is a prominent business model of direct selling that enhances economic growth in the country. Therefore, it is recommended that MLMS spread more awareness for people to know and be comfortable doing MLM business. According to the study, MLM has a lot of potentials to provide employment and be source of other income generation and poverty alleviation. Therefore, individuals need to know about the business and be motivated to engage in the business.

5.7 Suggestions for further studies

The following are suggestions for further studies to be conducted, based on the findings:

- This study concentrated on only five factors that influence distributors' motivational factors. Other determinants should be explored to further understand distributors' motivation, since these would assist the MLM companies to serve their distributors better and motivate them.
- The current study only focused on distributors in the KwaZulu-Natal province and could be replicated using distributors from other provinces within South Africa. Possible broader research can be conducted, which includes the African continent or respondents internationally.
- This study was explicitly tailored to the MLM industry, whereas additional studies may focus on different other aspects of the industry.

5.8 Conclusion of the study

This study aimed to determine the motivational factors that influence distributors in engaging in MLM companies in KwaZulu-Natal. Three hundred sixty-eight distributors from KwaZulu-Natal were used as study respondents. The findings showed that quality and innovative products, compensation package, methods of distinguishing between MLM/Ponzi and pyramid schemes and up-line and management support all influenced distributor motivation. Using the results of this study may assist MLM companies and distributors to be more successful in recruiting new members and engaging in business.

Recommendations and conclusions drawn from the findings for the study have been provided, facilitating MLM industry stakeholders to improve their knowledge of factors considered necessary to emphasis and engage these variables to encourage distributors and motivate them to succeed in the business of MLM.

LIST OF REFERENCES

- Aaker, D., Day G.S.C, Kumar, V. and Leone P.R. 2011. Marketing research. 10th ed. Hoboken: John Wiley and Sons
- Aaker, D. A., Kumar, V., Leone, P.R. and Day, G.S.C. 2013. *Marketing research*. 11th ed. Hoboken: John Wiley and Sons.
- Aaminou, M. W. and Aboulaich, R. 2017. Understanding the dynamics of multi-level marketing using agents based simulation. *International Journal of Applied Business and Economics Research*, 15 (4): 1-13.
- Albaum, G. and Peterson, R. A. 2011. Multilevel (network) marketing: An objective view. *The Marketing Review*, 11 (4): 347-361.
- Alshmemri, M., Shahwan-Akl, L. and Maude, P. 2017. Herzberg's two-factor theory. *Life Science Journal*, 14 (5): 12-16.
- Arya, K. and Arya M. 2014. Multilevel marketing (MLM). *Research Publish Journal*, 2 (1): 99-102.
- Babin, B. and Zikmund, W. 2015. *Essentials of marketing research*. 6th ed. Boston: Cengage Learning.
- Backman, C. and Hanspan, T. 2022. Participation and losses in multi-level marketing: Evidence from a Federal Trade Commission settlement. *Financial Planning Review*.<https://doi.org/10.1002/cfp2.1137>.
- Balasescui, M. 2020. Outlook on MLM systems development: A marketing approach. *Economic Sciences*, 13 (62): 1.
- Bonett, G. 2014. Cronbach's alpha reliability: Interval estimation, hypothesis testing, and sample size planning. *Journal of Organizational Behavior*, 36 (1): 3-15.
- Bosley, S. and Knorr, M. 2018. Pyramids, Ponzi and fraud prevention: lessons from a case study. *Journal of Financial Crime*, 25 (1): 81-94.

Bosley, S. and McKeage, K. K. 2015. MLM diffusion and the risk of pyramid scheme activity: the case of Fortune Hi-tech Marketing in Montana. *Journal of Public Policy and Marketing*, 34(1): 84-102.

- Brem, S. W., Maier, M., and Winschneider, C. 2016. Competitiveness advantage through innovation: the case of Nespresso. *European Journal of Innovation Management*, 19(1): 133-148. Available: <http://doi.org/10.1108/EJIM-05-2014-0055> (Accessed 15 September 2021).
- Brown, T.J., Stutter. A. and Churchill, G. A. 2018. 9th ed. *Basic marketing research: customer insights and managerial action*. Boston: Cengage Learning:.
- Bughlin, J., Doogan, J.T. and Vetvik, O.J. 2010. *A new way to measure word-of-mouth marketing*. Mckinsey Quarterly. Available: [http://www.mckinesey.com/insights/marketing_sales/a_new_way_to_measure-word of mouth marketing](http://www.mckinesey.com/insights/marketing_sales/a_new_way_to_measure-word_of_mouth_marketing) [Accessed 8 November 2020].
- Burns, A.C. and Bush, R.F. 2014. *Marketing research*. 7th ed. Harlow: Pearson Education Limited.
- Cant, M. 2013, *Essentials of marketing*. 4th ed. Cape Town: Juta.
- Cardenas, D. and Fuchs-Tarlovsky, D. 2018. Is MLM of nutrition supplements a legal and ethical practice? *Clinical Nutrition*, 25(1): 133-138.
- Chaubey, D.S. and Surbramainan, K.R. 2013. Consumer behavior towards celebrity endorsement of products and services. *International Journal of Research in Commerce and Management*. 4 (2013): 06.
- Choudhary, R. and Kamal, H. 2013. Multi-level marketing (MLM) for socio-economicdevelopment. *International Journal of Reviews, Surveys and Research*, 2(1): 45-55.
- Choy Mun, L. and Yazdanifard, R. 2013. Direct marketing vs MLM; long-term fallbacks and Implications. Available: https://www.researchgate.net/publication/268452049_DIRECT_MARKETING_VS_MULTI-LEVEL_MARKETING_LONG_TERM_FALLBACKS_AND_IMPLICATIONS [Accessed 20 July 2021].

- Christ, P. 2012. *Research validity and reliability* Available: <http://www.knowthis.com/principals-of-marketing-research/research-validity-and-reliability> [Accessed 15 March 2021].
- Ciongradi, I. M. 2017. MLM for everybody is not forever. *Bulletin of the Transilvania University of Brasov*, 10 (59): 12-16.
- Copley, P. 2014. *Marketing communication management*. New York: Elsevier.
- Crittenden, V. L., and Crittenden, W. F. 2004. Developing the salesforce, growing the business: the direct selling experience. *Business Horizon*, 47(5): 39-44.
- Crow, R., Wiles, G. Heath, S. and Charles, V. 2008. The management of confidentiality and anonymity in social research: *International Journal of Social Research Methodology*, 11 (5): 417-428.
- Devi, N. R. and Kalaiselvi, S. 2014. A study on consumers' preference and satisfaction towards AMWAY nutrition products with special referenceto Coimbatore City. *Global Journal for Research Analysis*, 3 (10): 25-26.
- Direct Selling Association. 2015. *An overview*. Available: <https://www.dsa.org/statistics-insights/overview>. [Accessed 20 August 2020].
- Direct Selling Association 2017. *Direct selling in the United States: 2017 Facts and data*, Available: https://www.dsa.org/docs/defaultsource/research/dsa_2017_factsanddata_2018.pdf. [Accessed 18 October 2020].
- Durmaz, Y. 2014. The impact of psychological factors on consumer buying behavior and an empirical application in Turkey. *Asian Social Science*, 10 (6): 194-204.
- Effiom, L. and Effiong, F. A. 2015. The role of multi-level marketing (MLM) in poverty alleviation in Calabar Cross River State, Nigeria: A case study of Forever Living Product (Nig). *Social Sciences Research Journal*, 2(2):150-163.

Ezekiel, A. and Toba, O. 2020. Direct marketing against MLM, pullback and implication. *International Journal of Research Publication*. 63(1): 61-82.

Fin24, 2017. *More MMM victims come forward as losses run into millions*.

Available: <https://www.fin24.com/MyFin24/more-mmm-victims-come-forward-as-losses-run-into-millions-20170720> [Accessed 7 July 2019].

Fluegel, S and King, K. 2022. Workfromhome: how multi-level marketers enact and subvert federal language policy for profit. Springer, 21:121–154
<https://doi.org/10.1007/s10993-021-09589-x>.

Franco, W. and Gonzalez-Perez, M. A. 2016. International expansion opportunities for MLM via personal networks: An ethnographic study from Columbia. *International Journal of Business and Society*, 17 (1): 28-46.

Gay, L.R, Miles, G.E. and Airasian, P. 2011. *Educational research: Competencies for analysis and applications*. 10th ed. Boston: Pearson Education.

Girish, S.N. and Dipa, D. 2015. MLM: Comparative perspectives and Indian dilemma. *International Journal of Advanced Research in Management and Social Sciences*, 4 (5): 105-123.

Gregor, B. and Wadlewski, A. A. 2013. Multi-level marketing as a business model. *Marketing of Scientific and Research Organisation*, 7 (1): 2-19.

Grob, C., and Vriens, D. 2017. The role of the distributor network in the persistence of legal and ethical problems of MLM Companies. *Institute for Management Research*, 1 (156): 333-355.

Gulabdin, S. B., Sung, T. P., and Sondoh, S. L. 2020. Personality, interpersonal identification and agent's performance in multilevel marketing industry (MLM): Preliminary. *International Journal of Academic Research in Business and Social Sciences*, 10 (3): 444–452.

Hair, J.F., Wolfinbarger, M., Oritina, D.J. and Bush, R.P. 2013. Essentials of marketing research. 3rd ed. New York: McGraw-Hill/Irwin

- Haryana, R. 2018. Factors influencing customers' buying behaviour towards MLM products: a review study. *Research Review International Journal of Multidisciplinary*, 3 (12): 18-21.
- Hawkins, D. I. and Mothersbaugh, D.L. 2010. *Consumer behaviour: building marketing strategy*. 11th ed. New York: McGraw-Hill.
- Herbig, P. and Yerlkurm, R. 2008. A review of the MLM phenomenon. *Journal of Marketing Channels*, 6 (1): 17-33.
- Herzberg, F. 1966. *Work and the nature of man*. New York: Thomas Y. Crowell.
- Hossan, F., Ahammad, I. and Ferdous, L. 2012. A conceptual evaluation of traditional and MLM. *World*, 2 (4): 33-43.
- Isoraite, M. 2020. Marketing mix features: From theory to practise. *Ecoforum*, 9(2) 22.
- Ivashkova, N., Sidorchuk, R. and Skorobogatykh. 2018. Studying distributor- consultant 'involvement into MLM business in the Russian perfume and cosmetics market. *RevisteESPACIOUS.COM*, 39 (33): 1-22.
- Izueke, E.M.C. 2014. Some theoretical frameworks of analysis in public administration. *An anthology of theories for social research*. Nsukka, Nigeria: University of Nigeria Press.
- Jain S, Singa, B. and Shashi S. 2015. Motivational factors in the MLM business: A confirmatory approach. *Management Sciences Letters*, 5 (1): 903-914.
- Joubert, P. 2010. *Introduction to consumer behaviour*. Cape Town: Juta.
- Kalkan, M. and Kaygusuz, C. 2012. *The psychology of entrepreneurship*. Strasbourg: Thierry Burger-Helmchhen University.
- Kalra, S., Kondepudi, M. and Sridharan. 2016. Consumer attitude towards network marketing in a global scenario. *International Research Journal*, 4 (12): 1-14.

- Keep, W. W and Vander Nat, P.J. 2014. MLM and pyramid schemes in the United States an historical analysis. *Journal of Historical Research in Marketing*, 6 (2): 188-210.
- Keller, E. 2007. Unleashing the power of word-of-mouth: creating brand advocacy to drive growth. *Journal of Advertising Research*. 4 (1): 448-452.
- Kent, R. 2007. *Marketing research: Approaches, methods and applications in Europe*. London: Thomson Learning.
- Keong, L. S. and Dastane, O. 2019. Building a sustainable competitive advantage for multi-level marketing (MLM) firms: An empirical investigation of contributing factors. *Journal of Distribution Science*, 17 (3): 5-9.
- Khare, A. and Verma, P. 2016. MLM a way for achieving good social position by personality development. *International Journal Application or Innovation in Engineering and Management*, 5 (9): 262-270.
- Kline, R.B. 2015. Statistical notes for clinical researchers: assessing normal distribution (2) using skewness and kurtosis. *Restorative Dentistry & Endodontics*, 38 (1): 52-54.
- Koekemoer, E. 2014. An explorative study on factors influencing the career success of management employees. *SA Journal of Industrial Psychology*, 40 (2): 1-10.
- Korothe, A.A. 2013. The influence of demographics on the perception level of MLM distributors. *The International Journal of Management*,. 2(1): 1-15.
- Korothe, A.A . 2014. Antecedents of distributors turnover in multilevel marketing. *Indian Journal of Commerce and Management Studies*, 5(1): 62-69.
- Korothe, A. A. and Sarada, A.K. 2012. Significance of relationship in MLM and its effect on business outcome. *Journal of Business and Management*,.3(6): 26-36.
- Kosnarova, Z. 2017. *Marketing mix in multilevel marketing companies. Advances in economics, risk management, political and law science*. Available:

<https://silo.tips/download/advances-in-economics-risk-management-political-and-law-science-4>. [Accessed 18 November 2020].

Kotler, P. and Keller, K. 2013. *Marketing Management*. 14th ed. Kendallville: Prentice Hall

Kumar, A and Satsangi, A. K. 2018. A study of MLM business with specific reference to Amway India. *International Research Journal of Management Science and Technology*, 9 (3): 101-108.

Kumar, A and Satsangi, A. K. 2021. Factors Responsible for Joining MLM Business and Relation of Mode of Association with Networker's Satisfaction. *International Research Journal of Business Studies*, 8 (1) 49-57.

Kumar, R. 2014. *Research methodology*. 4th ed. London: SAGE.

Kurtz, D. L. 2012. *Principles of contemporary marketing*. 15th ed. Mason: South-Western Cengage Learning.

Msosa, S. K. 2022. The flip side of multi-level marketing: A diagnosis of factors leading to the mass uptake of unregulated pyramid schemes in South Africa. *Innovative Marketing*, 18(1), 142-151. doi:10.21511/im.18(1).2022.12

Lamb, C. W. Hair, J. F., McDonald, C., Boshoooff, C. Terblanche, N., Elliott, R., and Klopper, H.B. 2010. *Marketing*. Cape Town: Oxford University Press.

Leary, S. 2017. Developing entrepreneurial and employability attributes through marketing projects with SMEs, *Journal of Research in Marketing and Entrepreneurship*, 19 (1): 77-90.

Lee, K.F., Lau, T.C. and Loi, K.Y. 2015. Driving distributors' satisfaction in multi-level marketing (MLM) companies, *International Journal of Academic Research in Business and Social Sciences*, 6(2): 105-122.

Lee, K. F. and Loi, K.Y. 2015. Towards satisfying distributors in MLM companies, *International Journal of Management and Applied Research*, 3(1): 48-64.

Leedy, P.D., and Ormrod, J.E. 2014. *Practical research planning and design*. 10th ed. Essex: Pearson.

Lim, B.C. and Chung, C. 2014. Word-of-mouth, the use of source expertise in the evaluation of familiar and unfamiliar brands. *Asia Pacific Journal of Marketing and Logistics*, 26(1): 39-53.

- Liman, A., Aliyu, S. and Halliru, M. 2020. Moderating role of job satisfaction on the relationship between MLM and distributors retention: A pilot study. *Ilorin Journal of Human Resource Management*, 4 (1): 160-170.
- Liou, C. 2018. The multi-level marketing practice in Taiwan. *International Journal of Business and Social Sciences*, 9 (8): 116-122.
- Machhado, R. and Diggins, C. 2012. *Customer service*. Cape Town. Juta.
- Madi, F. 2017. The impact of employee motivation on organisational commitment. *European Journal of Business and Management*, 9(15): 135-145.
- Fortune Magazine. 2016. MMM South Africa collapses – and starts over, Bussiness Tech. Available: <https://businesstech.co.za/news/finance/122271/mmm-south-africa-collapses-and-starts-over/>, (Accesssed, 20 June 2020).
- Malhotra, K. N., Nunan, D. and Birks, F. D. 2017. *Marketing research: An applied approach*. Birkbeck: Pearson
- Malhotra, N. K. 2013. 4th ed. *Basic marketing research*. Edinburgh: Pearson Education:.
- Marshall, G. W. and Jounston, M. W. 2010. *Marketing management*. McGraw Hill.
- McDonald, C.W., Lamb, J.F. and Hair. 2011. *Introduction to marketing*. 11th ed. South Western
- McGiven, Y. 2006. *The practice of marketing and social research*. 2nd ed. London: Pearson Education.
- Meiner, N.H., Schwarkting, U. and Seeberger, B. 2010. The renaissance of word-of-mouth marketing: A new standard in twenty-first-century marketing management. *International Journal of Economic Science*, 3 (20): 247-249.
- Meng, A. T. and Jin, G. P. 2018. Malaysia generation Y'S perceptions and attitudes towards multi-level marketing (MLM) career option. *Journal of Humanities, Language, Culture and Bussiness*, 2 (8): 162-171.

- Merlin, M. F. 2012. A study on direct selling through MLM. *International Journal of Advancements in Research and Technology*, 1 (4): 1-3.
- Merrilees, B., and Miller, D. 1999. Direct Selling in the West and East: The relative's roles of product and relationship drivers. *Journal of Business Research*, 45 (3): 265-273.
- Myangi, P. K. 2014. *The effect of compensation on employee motivation: a case study of chloride oxide*. Master in Business Administration Project Report. Nairobi: The United States International University.
- Nassaji, H. 2015. Qualitative and descriptive research: Data type versus data analysis. *Language Teaching Research*, 19: 129-132.
- Negi, A. and Pant, R. 2014. MLM: An Insight into network marketing. *International Research Journal of Management Sociology and Humanity*, 5 (7): 4-12.
- Nga, K.H. J. and Mun, W.S. 2011. The influence of MLM companies and agent attributes on the willingness to undertake multilevel marketing as a career option among youth, *Journal of Research in Interactive Marketing*, 5(1): 50-70.
- Nga, J. K. and Nadiah Soo, S. W. 2011. The influence of MLM companies and agent attributes on the willingness to undertake multi-level marketing as a career option among youth. *Journal of Research in Interactive Marketing*, 5(1): 50-70.
- Odabasi, Y. 2014. *Communication management marketing*. Istanbul: MediaCat Yayinlari.
- Okeke, R.C. and Nwankpa, L.O. 2017. The accounting fundamentals of MLM, income security and the poverty challenge in Nigeria. *World Scientific News*, 77(2): 281-297.
- Pallant, J. 2010, *SPSS Survival Manual*, 4th ed.. Mc Graw Hill
- Pang, J., C. and Monterola, C. P. 2017. Dendritic growth model of MLM. *Communications in Nonlinear Science and Numerical Simulation*, 43: 100-110.

- Pentz, C., Terblanche, N. and Boshoff, C. 2014. Demographics and consumer ethnocentrism in a developing country context: A South African study: *Journal of economics and management science*. 17(4): 412-426.
- Perri, F. S. and Brody, R.G. 2012. The optics of fraud: affiliations that enhance offender credibility. *Journal of Financial Crime*, 19 (4): 355-370.
- Prakask, P. 2019. A study on the perception of distributors towards MLM. *International Journal of Research in Engineering, Science and Management*, 2 (2): 20-25.
- Pratistha, 2017. *A conceptual evaluation of traditional and network marketing*. Available: https://www.internationalseminar.org/XVIII_AIC/TS5A/Pratishtha%20Boora%20_237-244_.pdf (Accessed 31 March 2021).
- Rani, R. and Kumar, N. 2015. A perceptual study of agent under MLM. *Aarhat Multidisciplinary International Education Research Journal*, 4 (4): 9-19.
- Razimi, M., Romle, A. and Yahya, U. 2017. MLM from Islamic perspectives. *World Journal of Islamic History and Civilization*, 7 (1):12-16.
- Roman, M.; Wasiak, M.; Roman, M.; Roman, K.; Niedziółka, A.; Krasnodębski, A.; Królak, S. Essence of the Compensation Plan in the Process of Motivation in Multi-Level Marketing (MLM). A Case Study. *Sustainability* 2021, 13, 8738. <https://doi.org/10.3390/su13168738>.
- Reingewertz Y (2021) An economic model of multi-level marketing. PLoS ONE 16(7): e0253700. <https://doi.org/10.1371/journal.pone.0253700>
- MasterMind Event. (2018). *Network marketing market report 2018*. Available: https://uploads-ssl.webflow.com/5ba54a58104c5301ffb5b3cc/5bdb80c756cc62e93a688807_2018%20Network%20Marketing%20Market%20Report.pdf (Accessed 8 December 2021]
- Mezie-Oscar, V. O;Dada D.A . 2021. Assessing the Relationship Between Multilevel Marketing and Employment Reduction in Ondo State, Nigeria. *European Journal*

of Business and Management,13(21) 46-53.

Schiffman, G.L. and Kanuk, L.L. 2011. *Consumer behavior*. 10th ed. Upper Saddle River: Pearson Prentice Hall.

Schiffman, L.G., Kanuk, L.L. and Wisenblit. 2010. *Consumer behavior*. 10th ed. Upper Saddle River: Pearson.

Sekaran, U. and Bougie, R. 2010. *Research methods for business: a skill-building approach*. 5th ed. Chichester: Willey and Sons.

- Selamet, T. and Prabowo, H. 2020. The relationship between network marketing organization and the related industry sustainability in Indonesia, *Journal of Asian Finance, Economics and Business*, 7 (12): 509-513.
- Sethi, R., Chhimpa, A. and Khinvasara, D. 2015. Multi-level mischief- a myth or reality. *International Journal of Recent Research Aspects*, 2(4)60-64.
- Silcox, B.D. 2014. *Groundbreaking study reveals the real direct selling*. Direct selling News. Available:
http://directsellingnews.com/index.php/view/groundbreaking_study_reveals_the_real_selling#.2017-05-01 [Accessed 01 November 2019].
- Singh, A., Verma, A., Jaiswal, A., Singh, D., and Singh, S. 2019. MLM. *International Journal of Information Sciences and Application*, 11 (1): 203-209.
- Sobaih, A.E., Ghannam, S.H. & Aliedan, M.M. (2021). Examining the Challenges and Opportunities of Multi-Level Marketing for Resort Hotels: A Delphi Study. *African Journal of Hospitality, Tourism and Leisure*, 10(2):759-775. DOI: <https://doi.org/10.46222/ajhtl.19770720-131>.
- Solomon, M.R., Marshall, G.W.M. and Stuart, E.W. 2009. *Marketing real people, real choice*. 6th ed. Upper Saddle River: Pearson.
- Srilekha, V. and Rao, U.S. 2016. Distributor motivations in joining network marketing company, AMWAY. *Imperial Journal of Interdisciplinary Research*, 2 (11): 2042-2049.
- Sulong, R. S., Caneza, C. and Geetha, C. 2017. Factors influencing intention to become Avon dealers: A case study in Sandakan, Sabah. *Proceedings of International Conference on Economics*, 99 (2): 357-376.
- Swanson, W. 2013. Graphical considerations for presenting data. *Environmental Assessment and Management*, 9 (2): 350-351.
- Taherdoost, H. 2016. Validity and reliability of the research instrument; how to test the validation of a questionnaire/survey in a research. *International Journal of*

Academic Research in Management, 5 (3): 28-36.

Taylor, J.M. 2000. When should an MLM or network marketing program be considered an illegal pyramid scheme? *Consumer Awareness Institute*, 62-63.

- Thorpe, J. 2018. *The benefits and risks of multi-level marketing*. Available at: <https://scholarsarchive.byu.edu/marriottstudentreview/vol2/iss2/9>. [Accessed 6 July 2021].
- Ulucam, S., Unusan, C. and Canbolat, M. 2016. Achievement of distributors in MLM and an analysis of factors affecting work satisfaction. *International Conference on Business, Economics, Social Sciences and Humanities*, 10 (1): 1-12.
- Vedavalli, O. and Venkatramaraju, M. 2019. Determinants of distribution's satisfaction on multi-level marketing (MLM) Strategies. *International Journal of Recent Technology and Engineering*, 8 (4): 3.
- Veena, S. 2014. Self-employment opportunity for women in MLM: A case study of Delhi/NCR. *International Research Journal of Management Science and Technology*, 5 (9): 24-36.
- VentaForce, 2020. *Top 100 MLM Companies in the world 2020 | The 2020 List of Network Marketing Company*. Available: <https://www.ventaforce.com/blog/top-100-network-marketing-companies-in-the-world/> [Accessed 25 April 2020].
- Walliman, N. S. R. 2011. *Your research project: designing and planning your work*. 3rd ed. Los Angeles: SAGE.
- Wild, J. and Diggin, C. 2015. *Marketing research*. 3rd ed. Cape Town: Juta.
- Wrenn, M. and Waller, W. 2021. Boss babes and predatory optimism: neoliberalism, MLM schemes, and gender. *Journal of Economics Issues*, 55(2): 423-431.
- Yaziz, N., Ismail, N., Aziz, A., Hasbollah, H. and Awang, Z. 2012. *Multi-level marketing (MLM) association factors of business income*. Singapore: Faculty of Entrepreneurship and Business, University Malaysia.
- Zikmund, W and Babin, B. 2010. *Exploring marketing research*. 10th ed. Mason: South-Western Cengage Learning

ANNEXURES

Appendix A: Letter of Information



LETTER OF INFORMATION

Title of the Research Study: Determinants of Distributor's Motivational Factors in MLM in Kwazulu – Natal Province.

Principal Investigator/s/researcher: Eunice Bolanle Akindeji, BTech(Marketing)

Co-Investigator/s/supervisor/s: (Prof J Govender, PhD)

Brief Introduction and Purpose of the Study: MLM also known as network marketing, is a form of direct sales whereby independent distributor sells products and recruit new members and obtain economic rewards. The purpose of this study is to determine the motivational factors that influence the distributors in engaging MLM companies in the KwaZulu-Natal province

Outline of the Procedures: (Responsibilities of the participant, consultation/interview/survey details, venue details, inclusion/exclusion criteria, explanation of tools and measurement outcomes, any follow-ups, any placebo or no treatment, how much time required of the participant, what is expected of participants, randomisation/ group allocation)

Risks or Discomforts to the Participant: (Description of foreseeable risks or discomforts to for participants if applicable e.g. Transient muscle pain, VBAI, post-needle soreness, other adverse reactions, etc.)

Benefits: (To the participant and the researcher/s e.g. publications)

Reason/s why the Participant May Be Withdrawn from the Study: (Non-compliance, illness, adverse reactions, etc. Need to state that there will be no adverse consequences for the participant should they choose to withdraw)

Remuneration: (Will the participant receive any monetary or other types of remuneration?)

Costs of the Study: (Will the participant be expected to cover any costs towards the study?)

Confidentiality: (Description of the extent to which confidentiality will be maintained and how will this be maintained?)

Research-related Injury: (What will happen should there be a research-related injury or adverse reaction? Will there be any compensation?)

Persons to Contact in the Event of Any Problems or Queries:

(Supervisor and details) Please contact the researcher (tel no.), my supervisor (tel no.) or the Institutional Research Ethics administrator on 031 373 2900. Complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or dvctip@dut.ac.za.

General:

Potential participants must be assured that participation is voluntary and the approximate number of participants to be included should be disclosed. A copy of the information letter should be issued to participants. The information letter and consent form must be translated and provided in the primary spoken language of the research population e.g. isiZulu.

Appendix B: Consent letter

Statement of Agreement to Participate in the Research Study:

- I hereby confirm that I have been informed by the researcher, Eunice Bolanle Akindeji (name of researcher), about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number. _____,
- I have also received, read and understood the above-written information (Participant Letter of Information) regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher.
- I may, at any stage, without prejudice, withdraw my consent and participation in the study.
- I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.
- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

Full Name of Participant Date Time Signature / Right Thumbprint

I, **Eunice Bolanle Akindeji** herewith confirm that the above participant has been fully informed about the nature, conduct and risks of the above study.

Full Name of Researcher Date Signature

Full Name of Witness (If applicable) Date Signature

Full Name of Legal Guardian (If applicable) Date Signature

Appendix C: Questionnaire

Covering letter for the filling in of the questionnaire

Faculty of Management sciences

Department of Marketing and Retail Management

Date: 14 February 2020

Dear Participant

My name is Eunice Akindeji, I am currently pursuing my Master's Degree at the Durban University of Technology (DUT). My research is based on **the** Determinants of distributor's motivational factors in MLM in Kwazulu –Natal.

Please could you kindly fill/complete the attached questionnaire. All detail of this questionnaire will be confidential and private.

Thank you for your time and participation.

Questionnaire survey

Section A

Please answer the following questions by ticking (✓) the appropriate block(s)

1. Demographics.

1.1 Please indicate your gender

Male

Female

1.2 Please indicate your race

African

White

Coloured

Indian

1.3 Please indicate your age group

18 – 24 years

25 – 34 years

35 - 44 years

45 – 54 years

55 – 64 years

65 years and older

1.4 Please indicate your marital status

Single

Married

Divorced

Widowed

1.5 Please indicate your highest education level

Less than matric

(Please specify completed grade)

Matric

National diploma

Bachelor's degree

Honours degree

Master's degree

PhD

2. How did you get to know about multi-level marketing business?

- a. By reading an ad in a printed publication
- b. Through a friend, acquaintances or a relative talked about the business opportunity
- c. A business associate talked to me about this business opportunity
- d. A colleague explained this business opportunity to me
- e. Through social media (Facebook, Instagram etc.)
- f. Others, specify: _____

3. What was the key factor that got you interested before signing with the multi-level marketing?

- a. The relatively easy way of making money
- b. The flexibility of the working hours
- c. The amount of money that can be made
- d. The testimony of other successful distributors
- e. Other, specify: _____

Please circle the number that reflects your opinion most.

5 =Strongly Agree

4 =Agree

3 =Neutral

2 =Disagree

1 =Strongly Disagree

Section B: Multi-level Marketing business

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
4.	I was well motivated before joining a multi-level marketing	1	2	3	4	5
5	I felt comfortable with the manner the multi-level marketing business was introduced to me	1	2	3	4	5
6	I was introduced with the relevant information about the business opportunity before joining	1	2	3	4	5
7.	I feel good about recruiting friends, relatives, neighbours and colleagues to MLM	1	2	3	4	5
8.	The opportunity for growth and development in the multi-level marketing industry motivates me	1	2	3	4	5

Section C: The quality and innovative products and services.

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
9	Product quality of MLM company's is a motivational factor that influences distributors	1	2	3	4	5
10	The products are innovative and suitable for use	1	2	3	4	5
11.	Product quality is considered as a key factor for purchasing and repurchasing	1	2	3	4	5
12.	Product, demonstrations among customers to test and verify product claims are elements that motivate purchase	1	2	3	4	5
13.	I feel a sense of satisfaction when the products meet my expectations and offer solutions to my problems	1	2	3	4	5
14.	The MLM company has provided product/Services with complete labels and content	1	2	3	4	5
15.	The product/services from the MLM companies are very attractive and well package	1	2	3	4	5

Section D: The methods of identifying the difference between MLM/ Ponzi/pyramid scheme

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
16.	I can differentiate MLM from pyramid schemes based on the knowledge I have from training	1	2	3	4	5

17	The rules and regulations of multi-level marketing make the distributors job easier	1	2	3	4	5
18	Distributors make income from sales and recruitment in MLM	1	2	3	4	5
19	The actual product and services rendered by MLM companies make distributor to distinguish between MLM and Ponzi scheme	1	2	3	4	5
20	The MLM companies give compensation plan to distributors as supposed to Ponzi and pyramid	1	2	3	4	5

Section E: The attractive compensation package of MLM

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
21	The attractive compensation plan motivates distributors of MLM	1	2	3	4	5
22	Bonuses, incentives, commission make MLM more attractive to distributors	1	2	3	4	5
23	The opportunity to earn an income gives financial satisfaction and security to distributors	1	2	3	4	5
24	I feel a sense of joy working at my own pace, being my own boss and personal accomplishments	1	2	3	4	5
25	The opportunity to travel globally by being a distributor of MLM	1	2	3	4	5

Section F: The up-line and management support to the success of distributor

(Up-line is the distributors that are above or brought others into the business, sponsor, representative or demonstrator)

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
26	My up-line is capable in the job he/she is doing	1	2	3	4	5
27	I received support and help from my up-line and management	1	2	3	4	5
28	My up-line always shows interest in the concerns, need and growth of their down-line	1	2	3	4	5
29	My up-line is always available to help their down-line	1	2	3	4	5
30	The training I got from my up-line and management has encouraged me in continuing in MLM	1	2	3	4	5
31	Management input has helped and motivated me to achieve success as a distributor in MLM	1	2	3	4	5

Section G: The discount on the product can motivate distributors

No	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
32	Discounts on products given by the MLM company's makes distributors happy	1	2	3	4	5
33	Distributors can make profits on discounted products	1	2	3	4	5
34	Discounts received by MLM motivates distributors	1	2	3	4	5
35	Discounts given to the distributors has made them continue in the MLM business	1	2	3	4	5

Appendix D: Gatekeeper letter



Longrich South Africa (pty) Ltd.

90 ARMSTRONG AVENUE, LA LUCIA, 4000, DURBAN, South Africa
Tel: 0315621357

ERIC ZHANG
GENERAL MANAGER
LONGRICH SOUTH AFRICA
90 ARMSTRONG AVENUE
3 HILL HEAD MOUNTEDGECOMBE
DURBAN, KZN
4051

DEAR EUNICE AKINDEJI

Greetings!

LONGRICH has received your request to interview and forward questionnaires to distributors well known as members. As you indicated the questionnaires and interviews will be conducted with the purpose to get insight into current programmers that are being implemented for the subsector. The information will then, as per your request be used solely to inform your research. Though we can not allow more than 50 distributor to participate.

NB: INTERVIEWS AND QUESTIONNAIRES CAN ON BE CONDUCTED IN OUR OFFICES (90 ARMSTRONG AVENUE LA LUCIA).

If you need more information, you reach me through email address zhangshuwela@foxmail.com on call 031 562 1357.

Yours sincerely,

ERIC ZHANG
GENERAL MANAGER

21/9/10/11/12

KZN / Eastern Cape / Western Cape / Northern Cape



Longrich South Africa
90 ARMSTRONG AV, Lalucia, Durban, South Africa
Tel: +27 31 562 1357

For general enquiries, please contact soniam@longrichsa.com

For bonus enquiries, please contact longrichsabonus@gmail.com

For promotion enquiries, please contact longrichsafinance@gmail.com

Committed to a Healthy and Beautiful Lifestyle.

www.longrich.com



AQUA SALES
249 King Dinuzulu Road
Upper Level
Berea Centre
Durban
4001
Tel: (031) 465 9941

10 October 2019

Mrs Eunice Akindeji
Department of Marketing and Retail Management
Durban University of Technology
Durban 4001
10 October 2019

Dear Mrs Akindeji

Re: Permission to conduct research at I&D Anderson Distributors Trading as Aqua Sales Tupperware.

This letter serves to inform you that I&D Anderson Distributors, hereby grant you the authorization to carry out your research work titled "**Determinants of distributors' motivational factor in multi-level marketing companies in KwaZulu-Natal**".

I would however like to inform you the permission is granted on the condition that you also make the results of your research available to I&D Anderson Distributors.

Yours sincerely,

Isabel Anderson
031 465 9941/2
CEO of I&D Anderson

Appendix E: Editor's Certificate



Blue Diamonds Professional Editing Services (Pty) Ltd

Polishing your brilliance

Email: jacquibaumgardt@gmail.com

Website: www.jaybe9.wixsite.com/bluediamondsediting

13 December 2021

Declaration of professional edit

Determinants of distributors' motivational factors in multi-level marketing in KwaZulu-Natal

By

EUNICE B AKINDEJI

I declare that I have edited and proofread this thesis. My involvement was restricted to language usage and spelling, completeness and consistency and referencing style. I did no structural re-writing of the content.

I am qualified to have done such editing, being in possession of a Bachelor's degree with a major in English, having taught English to matriculation, and having a Certificate in Copy Editing from the University of Cape Town. I have edited more than 300 Masters and Doctoral theses, as well as articles, books and reports.

As the copy editor, I am not responsible for detecting, or removing, passages in the document that closely resemble other texts and could thus be viewed as plagiarism. I am not accountable for any changes made to this document by the author or any other party subsequent to the date of this declaration. The academic content is the sole responsibility of the student.

Sincerely,

Dr J Baumgardt
UNISA: D. Ed. Education Management
University of Cape Town: Certificate in Copy Editing
University of Cape Town: Certificate in Corporate Coaching

Professional
EDITORS
Guild

Jacqui Baumgardt
Full Member

Membership number: BAU001
Membership year: March 2021 to February 2022

jaybee@telkomisa.net
<https://jaybe9.wixsite.com/bluediamondsediting>

www.editors.org.za

Blue Diamonds Professional Services (Pty) Ltd (Registration Number 2014/092363/07)
Sole Director: J Baumgardt