

ENTREPRENEURSHIP DEVELOPMENT AND EMPLOYMENT GENERATION THROUGH MULTI LEVEL MARKETING

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ABSTRACT

Multi level Marketing (MLM) business has shown a tremendous growth in the last years in India. Many International as well as Indian companies gained popularity among masses. People get fascinated towards these companies as their business model is quite attractive and interesting too. Every company has its own strategy to attract them as they treat them as owner of the company rather the employees. It's a chaos in the mindset of the people that which company should they enter? Therefore, an attempt is made in this paper to find out the factors that influence the people to join a particular MLM Company and become an entrepreneur.

Keywords:

Multi level Marketing (MLM), Upline, Downline, Direct Selling, Network Marketing.

Introduction

Since globalization, many multinational companies have entered in different nations with an aim to sell more and earn more. These companies, popularly known as Multi Level Marketing (MLM) Companies, not only sell products but provide a self employment opportunity to the aspirants who want to excel in the life. MLM converts passive consumers into active sellers of the company. In MLM, a person obtains a designation and is known by different names like Independent business owner, consultant, independent agent, associate, sales consultant etc. and commonly known as distributor. Since, there is no dearth of manpower in India as well the problem of unemployment persist, MLM companies become a boon for the people as well as for the country as a whole, as it helps in generating tax revenues to the government and contributes in national income of the country.

Literature Review

Different people have different beliefs and attitudes towards MLM companies. They too got awareness about MLM companies' through different sources. The key drivers brought out by different researchers that induce people to join a particular MLM company are summarized in table 1.

Table 1
Key drivers to join an MLM company

Key drivers to join a particular MLM company	Researchers
Good corporate image	Gaur (2017), Srilekha and Rao (2016), Radha rani (2016), Rattanaphan (2012), Attri and Chaturvedi 2011, Vyas and Batish (2009), Kiaw and Run (2007), Alturas et al. (2006), Brodie et al.(2004), Balu (2002), Jose (2002)
Less membership fees/ no investment to join	Gaur (2017), Kiaw and Run (2007)
Awareness/Recommendation/Pressure from friends, relatives, neighbours, colleagues, online sources, banners, TV, pamphlets	KANTAR IMRB and IDSA (2016-17), Gbadeyan and Olorunleke (2013), Mathews et al. (2007) Brodie et al. (2004), Chen and Jeng (1999)
<i>High quality products</i>	Gaur (2017), Rani (2016), Vyas and Batish 2009, Alturas et al. (2006), Brodie et al.(2004), Chen and Jeng (1999)
Others' stories of success	Srilekha and Rao (2016) , Gbadeyan and Olorunleke (2013), Vyas and Batish (2009)
High income opportunities	Jose (2002)
Company's long term prospective	Chen and Cheng (2000)
CSR	Akter (2013), Rattanaphan (2012)

Objective of the study

To find out the factors that influences the people to join a particular MLM Company.

Hypothesis of the study

H₀(1) There is no significant difference in the level of importance of different factors influencing the people to join a particular MLM company.

Research Methodology

The primary data has been collected for this study by using a self structured questionnaire. Four prominent among them have been purposively selected for the study viz- Amway, Herbalife, Oriflame, and Tupperware. The target population for this study was the distributors of these four companies located at different places in North India. Sample size for the study is 414 respondents.

Results and Discussion

Regarding choice of MLM Company, 8 statements measured on 5-point Likert scale ranging from ‘Least Important’ to ‘Most Important’ have been asked from MLM distributors.

Table 2
KMO and Bartlett’s Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy(KMO)		0.660
Bartlett's Test of Sphericity	Approx. Chi-Square	530.757
	Df	28
	Sig.	0.000
Cronbach’s Alpha		0.626

Source: Compiled from primary data

With the help of Principal Component Method, along with Varimax Rotation three factors have been extracted out of 8 statements depending upon Eigen values and Variance explained.

Table 3
Total Variance Explained

Component	Rotation Sums of Squared Loadings		
	Eigen value	% of Variance	Cumulative %
1	1.815	22.684	22.684
2	1.792	22.397	45.082
3	1.472	18.394	63.476

Note: Extraction Method: Principal Component Analysis

Table 3 shows the Eigen values along with percent of variance accounted by each of the factors and the cumulative percentage. 63.476 percent of cumulative variance has been explained by the three factors reflecting their considerable contribution in the choice of MLM Company. Keeping in consideration the factor loadings, these factors are named as Personal Experience and Recommendations, Company Image and Growth Prospects, and Persuasion and Promotion. Factor - wise details are given below:

Factor P1- Personal Experience and Recommendations

Table 4: P1- Personal Experience and Recommendations

Items	Statements	Factor loadings
7	Past experience as a consumer	0.799
8	Success stories of upline leaders	0.755
3	Recommendations from Friends, Relatives, Colleagues and Neighbours	0.731

Factor P2- Company Image and Growth Prospects

Table 5: P2- Company Image and Growth Prospects

Items	Statements	Factor Loadings
1	Good company image	0.824
6	Good growth prospects	0.763
2	Low membership /joining fees	0.677

Factor P3- Persuasion and Promotion

Table 6
P3- Persuasion and Promotion

Items	Statements	Factor Loadings
5	Persuasion from existing distributors	0.850
4	Media messages (sms, e-mails, social networking sites etc.) ads, flyers	0.763

Company-wise comparison of factors influencing the people to join a particular MLM company

Table 7 depicts the highest mean score has been accorded by the people to the factor ‘Personal Experience and Recommendations’ in case of Herbalife and Oriflame whereas to the factor ‘Company Image and Growth Prospects’ highest mean score has been accorded in case of Amway and Tupperware. This shows that some people decide to join the company considering the experience of others and their recommendations whereas some consider the goodwill and future aspects as an important factor.

ANOVA results show that significant difference has been found in the mean scores of each of the three factors viz- ‘Personal Experience and Recommendations’, ‘Company Image and Growth Prospects’ and ‘Persuasion and Promotion’ at 5 percent significance level across the four companies. Thus, the null hypothesis has been rejected (p-value<0.05). It implies that Herbalife and Oriflame distributors consider the factor ‘Personal Experience and Recommendations’ more important while join the company whereas for Amway and Tupperware people consider the factor ‘Company Image and Growth Prospects’ more important while join the company.

Table 7

Company-wise comparison of factors influences the people to join a particular MLM company.

Factors regarding the choice for a particular MLM Company	Herbalife (n=102)	Amway (n=100)	Oriflame (n=107)	Tupperware (n=105)	F-value	Sig
Personal Experience and Recommendations	4.10	3.60	3.90	3.66	6.399	0.000*
Company Image and Growth Prospects	4.08	4.15	3.60	3.87	10.431	0.000*
Persuasion and Promotion	3.21	2.65	2.98	3.20	5.715	0.001*

Source: Compiled from primary data

Note: *5 percent Level of Significance

Findings of the Study

The findings of the study show that people working for Herbalife and Oriflame have given more importance to the factor ‘Personal Experience and Recommendations’ whereas people working for Amway and Tupperware have given more importance to the factor ‘Company Image and Growth Prospects’ while becoming entrepreneur of an MLM company.

Conclusion

On the basis of the findings of this study, it has been concluded that the important factors considered by the people to work for a particular MLM company are -‘*Personal Experience and Recommendations*’, ‘*Company Image and Growth Prospects*’ and ‘*Persuasion and Promotion*’. Among these factors, the factor ‘*Company Image and Growth Prospects*’ has emerged to be the more important as compared to other factors.

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