

DETERMINANTS OF DISTRIBUTOR SATISFACTION
IN MULTI-LEVEL MARKETING COMPANIES

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CHAPTER 1

INTRODUCTION

This chapter proposes a research that will provide an in depth understanding of distributor behaviour towards the multi-level marketing companies. This study is specifically aim to examine the relational factors on distributor satisfaction toward multi-level marketing industry. The factors are up-line support, diffusing business opportunity, perceived quality of training program, perceived quality of recruitment process and perceptions on products/services. These five factors will be tested and discussed in the coming chapters on its effect to determine the distributor satisfaction in this industry.

1.1 Background of the Research

Multi-level marketing (MLM), or better known as direct selling or network marketing, usually refers to the products or services sales that attain and provide by an agent or distributor to individual customer through home, offices and other non-retail store (Brodie, Albaum, Chen, Garcia, Kennedy, Msweli-Mbanga, Oksanen-Ylikoski & Wotruba, 2004). By doing such efforts, distributors are reward through incentive schemes. Distributor is also paid for the effort to introduce another distributor, who duplicates his work to sell the product or service to others (Coughlan & Grayson, 1998). MLM companies are mushrooming everywhere for the past

decades. It is well accepted in working adult as it could be done at part time basis. One does not need to resign to involve in it, but he or she is having a chance to earn extra income. It is also believed that the involvement of individual in direct selling business also due to fluctuating economic and job opportunities (“Welcome to The”, n.d.). Besides, retiree is joining direct selling in order to secure them especially during economic downturn.

MLM industry was once modeled as the most successful business model in the 1990s (Dyer, 2001). A company which required high capital investment, advertising cost and administrative costs is categorized as traditional business method (Dyer, 2001). Multi-level marketing has reduced to lower cost involved where it’s usually depending on distributors. It is also practicing lean operation concept, where it has eliminated the cost on human resource (Coughlan et al., 1998). Considering the distributor is not a permanent staff of the company, but only an agent who do not have any employment contract tied to it. Rather the distributor is paid based on results achieved.

An individual required to purchase an initial startup package in order to qualify as distributor of a multi-level marketing company. Distributor, direct seller, business owner or sales agent are the terms used to describe the front line representative of a MLM company. They are not an employee of the MLM company. They are not paid with the fixed salary nor any employee benefit. They are completely independent and earn from reward plan and recruits (Taylor, 2011). Distributor will be trained and motivated in order to promote the company’s products or services to his family and friends. A distributor who has equipped with sales technique and products knowledge will tend to have better sales (Bacon, 2009). He does not need a physical distribution center to do all promotion work. He will be paid on a commission basis from the effort on selling the products or services. At the same time, he will be paid in tiers if he has recruited someone to join as distributor as what he did. This new distributor, as his downline, will duplicate exactly as what he did in order to enjoy the same benefits.

This industry has created a few terms that never suited in any other industry. An up-line is referring to an individual who has recruited someone under his own network (Keep & Nat, 2014). A down-line is an individual who is recruited by his up-line distributor to participate in the MLM business. The up-line who has recruited the down-line, both are belong to the same network. Thus, their performances in the company by purchasing product and recruitment will generate volume to their own network. The volume is a unit of bonus calculation in a reward system. So, at the end of every business month, the distributor will be paid according to the personal volume and group volume that they have contributed (Keep et al., 2014). A distributor is paid (based on the reward system) according to the purchase and recruitment he made.

1.1.1 Legitimate Issue in MLM

MLM has been existed for a century and many has known on its special features compare to regular retailing business. There are some rising businesses that created an ambiguous concept to individual on MLM. Ponzi scheme, pyramid scheme and quick-rich scheme are known to be illegal in any part of the world. These schemes are illegal even it has a similar structure with MLM company but it operates with fraudulent practice.

First of all, MLM or network marketing company is using the products/services approach to penetrate the market (Nat & Keep, 2002). It encourages repeat sales and do not over promise on the return. Basically, distributor needs to put in effort to pick up the product knowledge and to promote the product to the prospect. The compensation plan or reward system in MLM company will pay the distributor by his effort of the sales generate by him and his down-line. The reward will go down by the multiple level of his recruits, therefore it is referring to multi-level marketing (Muncy, 2004). People are favourable on the method of duplicating the sales practice. This

will not happen in any retail or franchise businesses where an individual is rewarded as a return of promoting the products/services and the recruitment he did.

This MLM industry is growing and well accepted in many countries with people from different hierarchy. It has indirectly encouraged the criminal to capitalize the gap between the advantages over MLM companies. Similarly, all fraudulent schemes – Ponzi scheme, pyramid scheme, ‘get-rich-quick’ scheme, involve up-line, down-line, network and reward scheme (Nat et al., 2002). However, majority of these schemes do not operate with product sales but relentless recruitment. These illegally-operated companies normally will set forth with over claimed on lucrative income and perpetual reward (Keep et al., 2014). These schemes are merely a mechanism to shift the fund from new recruits to the top of the pyramid (Nat et al., 2002). These companies usually are using ambiguous terms to confuse prospects.

In recent years, there are more innovative products that launch by direct selling companies. For instance stationery or accessories, travel package, plastic surgery or facial treatment package to financial tool are gradually becoming a trend in the MLM industry. It is still a question mark on its legitimacy as some countries may accept it, but some may not. People are getting confused yet attracted by the exponential return that promised. Particularly, there are some companies which operate the business with its own currency and share market. The distributor will be rewarded based on the profit from investment and exchange rate; where the recruitment in this scenario has very little reward. Therefore, government, authority and watchdog for the relevant industry are still investigating on the loophole of these businesses.

1.2 Problem Statement

Multi-level marketing industry has been condemned with various issues that turn away the interested party. Pyramid scheme, Ponzi scheme and other related illegal profit plan have been a killing point. These schemes often provide false advertisement, over-claim statement on income and other deceptive marketing practices. Most of the time, it attracted individual who wants to have quick money without doing any effort. But the end-result always not as expected where the individual who has paid a sum of money doesn't earn as what the company promised. The image of MLM companies has been seriously tarnished by the bad apple in the industry. The ethical and legitimacy issues are arising, yet remain unsolved by the authority. People are skeptical over these matters and might not taking risk to participate as distributor despite of high return of reward.

Despite of the issues of the above-said, there are plenty of MLM companies are doing well in worldwide. For instance Amway, Avon and Tupperware have been successfully creating its market share in many countries. Their business models and compensation plans are believed to be one of the success track records for many distributors, who has benefitted from it. To attract good distributor, MLM company has to move on to understand what is good for them. Therefore, the purpose of this research is to study the relation of up-line support, methods of diffusing business opportunity, perceive quality of recruitment process, perceived quality of training program and perception on products/services that determine distributor's satisfaction in multi-level marketing companies. Company image, service and distributor attributes are found as the factors which influenced the participation of youngster in Malaysia (Koe & Soo, 2011).

The level of satisfaction and success among distributors are the factor to enhance the retention rate of distributor in MLM companies (Delgado, 2000). The faster the distributors grow and remain in the same direct selling network, the stronger proof of a successful company (Dyer, 2001). A business which operates on the market

orientation basis will be seen as effort to retain the employees (Msweli & Sargeant, 2001). It emphasizing in providing a ground to enhance job satisfaction, organizational commitment and overall performance of an employee. Company also has to be seen as an aggressive entity to compete in the market (Msweli et al., 2001). It will contribute to a sense of superiority to distributor in order to stand firm and proud to be part of the company.

The success of a company is also depending on its ability to utilize the organizational strength and human resources (Chen, Wang & Cheng, n.d.). MLM is the business for people, where distributor required to recruit another distributor in order to grow the network. Each distributor is paid not only on his own purchase but also overriding on the purchase of his recruited distributor and the recruitments done by his downline. According to Delgado (2000), up-line support, perception of recruitment process and training program are very important to determine the satisfaction of a distributor. All of the activities above required very strong tie among each other in the same network. From the initial approach, some prospects might be turned down by the distributor due to their overzealous approach that created a distrust context (Koe et al, 2011). Some may discourage by the training module of the organization. Otherwise, the distributor might be having high expectation of the end-result which is contradicted with what he is having. Thus, the pre- and post-communication are very important in this business. In addition, good relationship to other parties in the network, be it customer, down-line or management, can further foster the good relationship.

Product/service is perceived as an important tool for a MLM company. As mentioned earlier, usually the genuine reward scheme is rewarding the distributor based on the personal sale and recruitment sales volume which generated from product purchase. Thus, product/service provided by the company is very important as a vehicle to push the business grow. Without it, the reward scheme cannot stand by itself to attract a satisfied distributor. According to Fu and Lee's 1993 study (as cited in Chen et.al., n.d.), there are eight attributes of product/service characteristic that attract the consumer perception. Commonly, the products from MLM are normally very high in

quality, easy to use as it normally come with demonstration, for healthy and balance diet, environmental friendly, after sales service, multi-functional, convenient and friendly design, and encourage repeat purchase. If a distributor managed to convince consumer to buy more products/services, it will be more profitable to the company (Dyer, 2001).

An effective tool is required to have a set of sales pitch to attract the prospect. Thus, a distributor must be well equipped with the relevant trainings to enhance his/her knowledge and skills (Delgado, 2000). The method of diffusing business opportunity will be one of the elements to start to get closer to the prospect. From the approach to the recruitment, a distributor must be able to draw the attention and attract the prospect with his ability. The trust is built within the conversation. The up-line is responsible to duplicate the skill and knowledge to the down-line in order to promote the business and product/service.

MLM business is widely accepted by the youngster in Malaysia. There is not any prerequisite to join MLM. They do not need to have diplomas, high income, good appearance or specific race or gender to participate in this business. Therefore, in order to cater the rising cost of living, youngster is considering direct selling as a career option (Koe & Soo, 2011). Study from Koe and Soo (2011) show that youngster required more entrepreneurship and business related training in order to retain their interest to grow with the business. They required more knowledge to equip themselves to have positive growth in this direct selling industry. Besides, youngster will feel stress free where they do not need to prepare huge amount to start this business (Koroth, 2013). Even if they are required to start with an initial purchase to qualify as a distributor, they can still resell the products to customer.

Thus, this research paper purports to provide a better understanding on distributor satisfaction. Then, each determining factor will be justified based on its relationship with distributor's satisfaction.

1.3 Research Objectives

The objectives of this research are as below:

1.3.1 General Objectives

The purpose of this study is to identify the major factors that influence the satisfaction of distributors towards multi-level marketing (MLM) companies in Malaysia: Up-line support, methods of diffusing business opportunity, perceived quality of recruiting process, perceived quality of training program and perception of products/services.

1.3.2 Specific Objectives

- a) To examine the method of diffusing business opportunity in relation with distributor satisfaction of multi-level marketing companies.
- b) To examine the perceived quality of recruiting process in relation with distributor satisfaction of multi-level marketing companies.
- c) To examine the perceived quality of training program in relation with distributor satisfaction of multi-level marketing companies.
- d) To examine the up-line support in relation with distributor satisfaction of multi-level marketing companies in Malaysia.
- e) To examine the perception of products/services in relation with distributor satisfaction of multi-level marketing companies.
- f) To examine the difference between monthly income group and distributor satisfaction.
- g) To examine the difference between preferred method of approach and distributor satisfaction.

1.4 Research Questions

The research objectives have been identified, thus the research questions are set as below:

- a) How does method of diffusing business opportunity influence distributor satisfaction in multi-level marketing company?
- b) How does perceived quality of training program influence distributor satisfaction in multi-level marketing company?
- c) How does perceived quality of recruiting process influence distributor satisfaction in multi-level marketing company?
- d) How does up-line support influence distributor satisfaction in multi-level marketing company?
- e) How does perception of products/services influence distributor satisfaction in multi-level marketing company?
- f) What is the difference between monthly income group and distributor satisfaction?
- g) What is the difference between preferred method of approach and distributor satisfaction?

1.5 Hypotheses of the Study

There are a total of seven hypotheses developed to correspond to the above questions.

First Hypothesis

H1 There is a significant association between the method of diffusing business opportunity and distributor satisfaction in multi-level marketing company.

Second Hypothesis

H2 There is a significant association between perceived quality of training program and distributor satisfaction in multi-level marketing company.

Third Hypothesis

H3 There is a significant association between perceived quality of recruiting process and distributor satisfaction in multi-level marketing company.

Forth Hypothesis

H4 There is a significant association between up-line support and distributor satisfaction in multi-level marketing company.

Fifth Hypothesis

H5 There is a significant relationship between perception of products/services and distributor satisfaction in multi-level marketing company.

Sixth Hypothesis

H6 There is significant difference between monthly income and distributor satisfaction.

Seventh Hypothesis

H7 There is significant difference between preferred method of approach and distributor satisfaction.

1.6 Significance of the Study

The results of the study will improve understanding of the satisfaction and perceptions of distributor in MLM companies operating in Malaysia. The five determinants of distributor satisfaction are up-line support, method of diffusing

business opportunity, perceived quality of recruiting program, perceived quality of training program and perception on products/services.

These determinants will shed light of to the organization, the management team and the distributors of MLM companies too. It helps managers to identify the factors that retain the distributor in the company. Each determinant will be justified on its impact to the distributor satisfaction. The positive relationship will explain the importance of the determinant. Therefore, it will reveal on the factor which encourage the distributor to stay with the MLM company. If the manager chooses to ignore the importance of the determinant, it will lead to distributor turn away from the company. Thus, the managers should be able to evaluate the performance of each determinant in the company. If the training or recruiting program is not well accepted, improvise it so that it is beneficial to the attendees. Distributors should be taught in a proper way in order to duplicate the same methods to their prospects or down-line.

Distributor, positioned as a seller of the company should aware his responsibility when deliver the message to the prospect. Through this study, perhaps it will provide a clear idea to the distributor, who is also an up-line of another distributor, to aware his responsibility to guide and lead a down-line. In actual fact, any down-line will definitely turn into an up-line of another distributor. By knowing his own expectation, he should be able to provide the same understanding to his recruited-down-line. This may also help each distributor to introspect their position and contribution to their network. It might be a chance for them to concern on the benefit of mutual understanding which will contribute to a win-win situation.

As part of the relationship marketing, MLM is also focusing to emphasize in customer retention and satisfaction in long term basis. The whole business idea is not merely about sales and revenues. Rather, it is a move to cultivate the customer loyalty. The communication between distributors and company are of the art of the interpersonal communication skill. The determinants that going to be discussed in this study will become the focus of the company in order to ingratiate the expectation

from the public. With this, people will have a better idea to understand the nature of MLM companies. It is always important to make a clear distinction with the illegal activities and scam that threatening the public.

In conclusion, this study may contribute meaningful findings to the key segment in this industry. It may also provide an insight on the importance of the determinants of distributor satisfaction in order to reduce the rate of turnover. MLM industry is seen as a growing industry that benefit to the economic growth of the society.

1.7 Conclusion

Chapter one delineates the foundation of this research project and introduced the history of the industry. It also presents the background of the research project, defines the problem that will be solved in the research project and addresses the objectives as well as the questions. The significant of the study outlines will be adequately to provide an overview for improvement. Finally the outlines of each chapter are presented.

Next, chapter two will further elaborate the relevant review on past literatures to the themes of this research project.

1.8 Chapter Layout

Chapter 1: Introduction

This chapter is an introductory chapter that presents and overview of multi-level marketing industry and distributor satisfaction in this industry. It delineates the research objectives, and research questions of the study. It has also included the significance of study and overall chapter layout of the research paper.

Chapter 2: Literature Review

Chapter two is literature review which includes the comprehensive review on relevant research paper and theoretical models, proposed conceptual framework to identify the relationship between variables. This chapter also defines the dependent variable and independent variables of the research project. The supported studies from other researchers will be adopted to further explain the variables. Last but not least, the hypotheses developed and the conclusion of chapter two are inserted too.

Chapter 3: Methodology

Chapter three illustrates the research design, data collection, sampling design, research instrument, constructs measurements, data processing and method of data analysis.

Chapter 4: Data Analysis

This chapter will present the results and analyses of the result by using SPSS version 20.

Chapter 5: Discussions and Conclusion

The last chapter exhibits a research report after the data are analyzed. The summary of statistical analyses, discussion of major findings and implication, limitation of the study, and recommendations for the researcher in future research are presented.

CHAPTER 2

LITERATURE REVIEW

In this chapter, it will be a brief introduction on the history of the multi-level marketing industry and follow by the overview of multi-level marketing industry in Malaysia. Then will be the comprehensive review of secondary data of the topic of distributor satisfaction and its determinants. Next, will be the review of relevant theoretical models and the proposed conceptual framework will be developed based on the research objectives and questions. The last section in this chapter will be the development of the hypotheses with the testing to review the relationship toward multi-level marketing companies.

2.1 Background of the Study

2.1.1 History of Multi-level Marketing Industry

Multi-level marketing (MLM), is better known as direct selling or network marketing. It is an innovative and popular distribution channel in this century. It has two type of approach: Single-level Marketing and Multi-level Marketing. Single-level Marketing is the one-to-one kind of recruitment. The override profit is limited to the direct person that he/she recruited. However, Multi-level Marketing approach is the approach that promotes sharing, and a non-stop sharing session. It has a better remuneration package where he/she able to earn the profit from the direct and indirect

recruits. Meaning, he/she will be able to earn the profits from the persons that recruited by his/her direct recruits. This is much encouraging as it promotes teamwork within the people. Each of them is rewarded based on the effort made.

MLM was started in USA since 1700 with the Yankee peddler who brought in the news, gossips, products and knowledge to the people in suburban (“Timeline: Direct Selling,” n.d.). The method had gradually improvised and transformed to door-to-door service to sell off the products in year 1800. Followed by the establishment of California Perfume Company (now known as Avon), and the aluminium cookware company Wear-Ever Inc. At the beginning, the products were sold solely depending on door-to-door selling and organizing home party by demonstrating the products features. These were all finished-goods that brought out to sell to the family. Later, in year 1905, Madam C.J. Walker had set up her own hair care manufacturing company and started the distribution by herself. She had engaged some “walking agent” to approach individual family (“Timeline: Direct Selling,” n.d.). This enables them to provide in-depth sharing on the products and to get closer relationship with the customer.

Distributor or direct seller, not only had sharing session with customer, they were required to conduct demonstration on the products before it could be sold. Products like vacuum cleaner, encyclopedia, food container, chewing gum, kitchen appliances and so on were introduced through a person-to-person demonstration (“Virtual Museum,” n.d.). Tupperware, as one of the pioneer in the industry, has been adopted the party plan method. Through this method, it educated the consumer the right way to use their products. This has been very effective as it managed to attract customers through personal experience. Especially in early 1940s, when the plastic ware was just introduced and none of the public know the function if it did not taught the consumer how to use it. Tupperware had thrown home party concept with the slogan of “the modern way to shop”. The distributor organized home party for friends, acquaintances or neighbours in order to gain trust through the homely party with demonstration (“The History Of,” n.d.). Women got to earn profits right at their

homes with the product sharing and demonstration. People are still advocating this method till now. It is even better, Tupperware has become genericide, where many people are calling any plastic container as ‘Tupperware’.

Besides than the revolutionary approach of home party, MLM industry had another breakthrough in early 1900s. The founder of one of the well-known MLM company - Shaklee, Dr. Forrest C.Shaklee, was one of the world creators of multivitamins (“Virtual Museum,” n.d.). Dr. Shaklee produced the first health supplement called “Vitalized Mineral”. It was the time where people was taking drug to heal and had no idea on food supplement. He did the same approach method which was utilizing the people’s power to recommend the products through personal sharing with hands-on experience to consumer. He was strongly promoted the efficacy of word-of-mouth with the rewards to the achiever in his company. Today, many renowned MLM companies like Amway, Cosway, Elken, NuSkin, etc. are heavily promoting their health supplements as their core product range.

This is the brief history on direct selling business. Clearly, it was started with the idea of selling the products directly to an individual. MLM has become one of the channels of products and services distribution in today’s world. The unique features make this industry stand out from the traditional distribution method. By displaying the product in a shop is a very passive way and will not have the encouraging outcome. Thus, approaching target directly by creating the interest through sharing and convincing is much more pro-active way. Customer does not require to go out but to enjoy the sharing whenever the distributor coming to their home. By adding the commission scheme and loyalty program, it has added value to this business. One never thought that by sharing the product experience he/she could get paid, and the more he/she does, the greater the income. “Walking agent” or we used to call distributor will be more willing to enjoy additional income by just sharing the products benefits to the prospect customer.

2.1.2 New Era of MLM Industry

MLM has been introduced more than a century. The evolvement for these decades has brought out the most encouraging ‘new-era of direct selling’. There are plenty of columnists and influential business men are advocating the successful model in MLM industry. Warren Buffet and Robert Kiyosaki are telling the world the strength of the networking marketing with selling through your network.

Warren Buffett, a reputable successful investor cum the third wealthiest man in the world 2015’s ranking, is a great testimony of all. Among all diversify businesses that Warren Buffett has, the most contributing on return on investment is his direct sales business – The Pampered Chef (Foster, 2013). This company has its ability to turn kitchen utensils to a probability business which caught Warren Buffett in a surprise (Spragins, 2003). Buffett’s discerning vision on the Pampered Chef has given a very useful reference to the world on multi-level marketing business.

Hil Davis, being a very successful custom-made men clothes company’s co-founder, was once skeptical on the direct sales model (Foster, 2013). He was greatly influenced by Warren Buffet. Davis has changed his perception and converted his business into direct selling model. He has his own direct seller – style consultant who does measurement for the client. He paid commissions and incentives to the consultant who has make sale and recruit other consultant. He has motivational seminar, training, continuing-education program and interactive sales tools to the style consultants. Indeed a direct selling company, he is emphasized in interpersonal skill between sales person and client. He groomed his consultant well in order to provide good service and quality products. With the track record of J.Hilburn, Davis has begun to venture his BeautyKind business with the similar business model (Chafkin, 2014).

Robert Kiyosaki, the well-known author of Rich Dad, Poor Dad, said that direct selling is the business that will teach you how to achieve financial freedom (Kiyosaki,

n.d.). According to his Cash Flow Quadrant, the only way to earn multimillion dollar without working hard or taking orders, one has to become a 'B' - business owners or an 'I' – investor. It is simply implied that a business owner must be able to find the capable person who is good in his own field to the company success. The investor's quadrant is construed the diversify investment which will become passive income in return. As mentioned by Kiyosaki (n.d.), MLM industry is a revolutionary way to bring in abundant income. Besides, it is a real life business school that train and teach people the reality in business that one is unable to learn from the school.

It might a great way out for the working adults who can earn extra through MLM business. Besides monthly fixed income, employee might think of an extra amount in order to fulfill the desire or the dream to achieve better living lifestyle. Therefore, most of the MLM companies are emphasizing the exponential income is promised with the guidance and training given. However, unsurprisingly retirees might be following the trend now. The baby boomers are now retired and looking for something to do for a living (Laura, 2014). It might be the reason of insufficient retirement fund or just for the sake of to live up the life. As a contributor in Forbes, Laura has concluded that, after several interviews with retiree, it is true that retirees are involved in MLM business during their retirement. Even so, earning income is not the only reason as any other investment they are in. To be involved in MLM business during retirement is redefined as an entrepreneurship with a frame of lifestyle during retirement. It is essential to implant the elements of passion, hobby, helping people, stay connected, keep mentally and physically fit and earn some extra income as expenses (Laura, 2014).

2.1.3 Overview of the Trend

World Foundation of Direct Selling Association (WFDSA) is founded in the end of 1970s, with the mission to provide support and create understanding of direct selling for public. It has its member worldwide with the same mission and objectives to

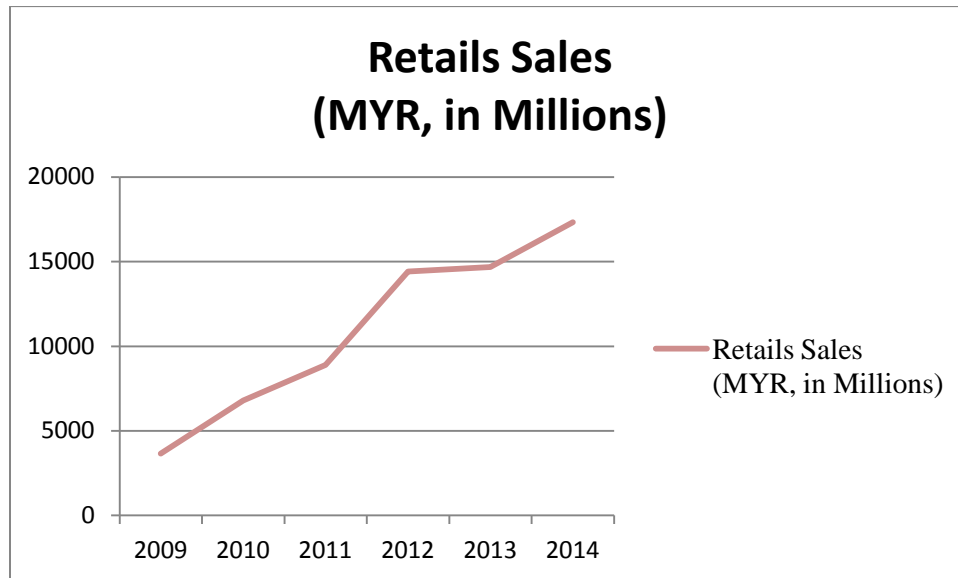
support and grow the direct selling industry in their respective countries. The records from WFDSA shown that, MLM in Malaysia has been receiving overwhelming responses for the past 6 years since 2009. The contribution of the sales are increasing from MYR 3,656 million in 2009 to MYR 17,330 million in 2014. The sale was almost approaching six fold in only 6 years. With its market strength, Malaysia is one of the top 10 countries in world's direct selling industry which has been constantly contributing 3% of global market shares for the past 3 years (WFDSA, 2015b). The top of the list is USA, China, Japan, Korea, Brazil, Germany and Mexico. France had contributed 3% global sales whereas UK was 2%. The following table has recorded the past 6 years sales trend and number of direct seller in Malaysia, from 2009 to 2014.

Table 1: Summary of Retails Sales Contributed by MLM Companies in Malaysia, 2009 – 2014

	2009	2010	2011	2012	2013	2014
Retails Sales (USD, In Millions)	1,135	2,111	2,908	4,667	4,659	5,300
Retails Sales (MYR, in Millions)	3656	6,800	8,900	14,415	14,680	17,330
Direct Sellers	4,000,000	4,250,000	7,400,000	4,750,000	4,250,000	4,300,000
Global Market Shares (%)	NIL	NIL	NIL	3%	3%	3%

Note: Adapted from WFDSA – Global Direct Selling Sales Report 2010 – 2015.

Figure 1: Total Retails Sales in Multi-Level Marketing Industry in Malaysia, from 2009 – 2014.



Note: Adapted from WFDSA – Global Direct Selling Sales Report 2010 – 2015.

According to Chen et al. (n.d.), MLM industry is very sensitive to the changes of the society. With that sense, it has putting effort to explore the niche of the marketing in order to strategize the advantages to penetrate to the target market. Among the success factors that discussed in Chen et al. (n.d.) are specialized products with peculiar features, efficacy of information dissemination, and groundbreaking of incentive schemes. It is always important for a MLM companies to have an outstanding product to represent the company (Osei, Katsner & Narteh, 2014). Looking at the trend in Malaysia, health food supplement definitely is up to the trend to fulfill people’s need. Therefore, to seize the market share as well as maintain market competitiveness, companies need to develop the product range based on the market needs. Quality, easy to use, health conscious, environment friendly, after-sales-service, multi functions, convenience, sales repetition, product information and purchase consultation are essential components that make up a good products to excel in the business (Chen et al., n.d.). Many of the companies are emphasizing on eco-

friendly (from packaging to ingredients) and quality products that can accommodate the market demand. Besides, people also make reasonable enquiry on products information like features, warranty on safety usage, after-sales-service and certification to confirm that they are competent. With ensuring the repetition of product sales, it will encourage the distributor continue promote the products.

Last but not least, company's versatile strategies synergized with the three contributed factors – training, public relations and promotional management. As a distributor, he must be trained to serve the member. Distributor should well equipped with the products knowledge and products related information. A motivation related training will also essential to prepare the distributor for possible rejection and able to exert his ability to strive for the goal (Miekina, 2012). Thus, the goal and dream setting is very important to boost their persistency.

Public relations are referring the company's image in the eye of public. As a MLM company, it is always drag in to the scam and illegal schemes. Therefore, a company should maintain its healthy image through the social and environment aspects (Chen et al., n.d.). Not only MLM companies, all other companies in different industries have been involved in corporate social responsibility activities which promote the social welfare and environment care. This will further enhance their images in the eye of public. Using the ingredients which is eco-friendly or organic-oriented are also part of the effort to promote company image. Products with no harmful chemical or toxic also part of the effort to maintain competitive advantages.

Company not only has to emphasize on public relations aspect, the promotional management is indeed important (Chen et al., n.d.). Promotional management is the strategy of the company to utilize the product and marketing tool as bait to attract consumer. Distributor Company should strategize the product development from sourcing to price setting. The products that selling in a MLM company does not go through the regular marketing channel as what retail did. Thus, the budget for advertisement is always believed to be diverted to be part of distributor commission.

No matter if the distributor is doing part-time or full time, he is awarded based on the product sales he made. According to Grayson (1996), distributor is financially encouraged by the product discounts and commissions, where they can enjoy quality products at affordable price and commission in return. It is believed that the personal usage on the products can boost the excitement of the distributor. At the same time, it helps to develop product familiarity and build up a stronger network marketing (Grayson, 1996). It is very crucial for MLM companies to strategize the promotion method to assist distributor to excel in this business.

Dyer (2001) said that majority of the failure of distributor resulting in drop-out is caused by the inefficiency of the MLM companies in providing the resources in aid. MLM companies should constantly provide adequate training, resources, leadership as well as continuity of products development to help distributor. Therefore, it is always important for a MLM company to understand the factors that contributing to the success of company, as well as distributor.

2.2 Distributor Satisfaction towards Multi-Level Marketing Companies

Distributor, or direct seller or independent business owner, is the frontline sales force of a MLM company. They are not a contractual employee, but they are selling and recruiting the member in order to earn profits. If they are not achieving the envisioned target, company would not terminate them because they are going to responsible for their own income or incentives (Kiyosaki, n.d.). Each distributor is remunerated with his effort in selling products and recruit down-line who then selling the products as he does (Coughlan et al., 1998). Besides, it is believed that many of the distributors were already obsessed with the products that offered by the MLM company before they signed up (Coughlan, 2012). Basically, most distributors were come from a group of end user.

Distributor is perceived as an entrepreneur, they own the business and working in flexible operation mode (Kuntze, 2001). Many people believed most of the distributor is less educated, not sociable, high risk taker due to the current situation is discouraging and they need a way out of it. This might be the perception of regular individual who do not understand the industry well. Kuntze (2001) study discussed the statistic from USA in year 2000, found that distributors were normally from average education background and fairly high income earner. The attraction of MLM is on its low startup cost and flexible working hours.

The distributor satisfaction always refers to the willingness of the distributor to work in the MLM company. Individual always seek for ways to maximize the optimum benefit from his self-interest (Adagbon, 2007). Therefore, the constant satisfaction over a matter will further encourage the interaction that prolongs the enjoyment. The devotion to the organization and accomplishment are always substantiating the turnover intention of a distributor (Mswell et al., 2001). MLM company with rationale in forming and implementing strategies may endure extension of success in the industry (Chen et al., n.d.). According to Comer, Machleit and Lagace's study (as cited in Msweli-Mbanga, 2001) the satisfaction of a distributor is determined by seven aspects: distributor's attitude towards the job, workmate, supervisors, company policy and support, remuneration, and customers. In usual condition, the higher performance of the distributor and member in his network will give greater satisfaction to the respective distributor. However, Msweli-Mbanga (2001), has found that the distributor who has accomplished good performance in his network has lower satisfaction. This may due to the pressure and the profit scheme that offered by the MLM company. MLM company must have a balance measurement to generate sales and stimulate network growth (Coughlan et al., 1998).

2.2.1 Method of Diffusing Business Opportunity

Multi-level marketing company always stands as a part time opportunity to individual. It provides an opportunity to individual to strive for a second income on top of their current permanent jobs. It is also a business opportunity for an individual to determine his own income. The commission scheme of multi-level marketing is derived from the purchase of products or service and duplicate the same action by recruit more members (Munch, 2004).

Despite the attractive compensation scheme offered by MLM company, it is always perceived negatively by the public. As the illegal reward plan always required a huge amount of investment at an initial startup. Most of the time, it required distributor to stock up the products as a qualification to certain ranking. If it is not product base company, it might require distributor to recruit a number of distributor in order to earn the amount of what he has invested (Taylor, 2011). It is always implicated in some illegal activities that caused doubtful mindset to the public. Since 1990s, some black sheep in the market have abused the benefit of this distribution channel (Nat & Keep, 2002). The Ponzi or pyramid scheme has perpetually misled the public on its exaggerated return and falsely portrayed the company image. The mastermind behind the scene always abuses the loophole between law to falsify the statement and lure distributor into the snare.

To rectify this issue, MLM companies required to diffuse the right business opportunity to the public. Delgado (2000) discussed the six elements in diffusion theory. There are diffusion pattern over time, social systems where diffusion take place, personal influence, adoption process, speed of diffusion and the role of marketing actions. The diffusion pattern is referring to the process of getting distributor to do the initial purchase. This is relied on the model of the information transform which may arouse the interest of distributor. Secondly, the diffusion of business opportunity always occurs in a social system, as the decision is generally taken by group (Delgado, 2000). Then, within a group, it is always have an opinion

leader to influence the decision. The social interaction is always involved in mutual benefit influence (Adagbon, 2007). This reciprocity transaction will then become the protocol for future reference as a continuity of gain rather than loss. The adoption process in business opportunity diffusion is relied on the cognitive process from the learning and training program (Delgado, 2000). Furthermore, the speed of the diffusion take place in a social system is important to determine its relative advantage over the competitor.

Most of the firm is using advertisement to promote the product or service. This is where the marketing actions stand an important role in business world. However, word-of-mouth is the best method that accepted by public without suspicion (Delgado, 2000). Normally, the information that diffused was come from an opinion leader among friends or relatives (Delgado, 2000). The source is reliable and credible to the prospects. Therefore, advertise is rarely become the handy tool for MLM company. The other effective way to get closer to the prospect is to understand their reason of rejection (Zhang et al., 2014). Effective interpersonal communication will create ties between individual and shed away the strange feeling.

The opportunity given by the MLM company is the financial freedom to average person who does not required being wealthy (Kiyosaki, n.d.). The notable result is coming from the duplicate of the system of the MLM company. The better the distributor duplicate it, the greater the success of every single distributor in the network.

2.2.2 Perceived Quality of Recruitment Process

A distributor will have to maintain the relationship with both the sponsored ‘up-line’ and recruited ‘down-line’ (Koroth & Sarada, 2012). The success and satisfaction of individual distributor is coming from the cooperation and socialization from the members within the networks (Sparks & Schenk, 2006). Generally, during the

individual coaching, the leader of the MLM network will deliver some questions to the prospect. He will stimulate the dream and the desire of the prospect, as well as his associate or downlines (Miekina, 2012; Pratt, 2000). Then, the next will be to substantiate the dream to the actual financial dimensions: how much cost and effort to achieve the goal. Not all distributors are qualified to be a recruiter. The respective recruiter must be trained by the organization in order to recruit and convince the prospect (Delgado, 2000). According to the literature reviews in Delgado (2000) studies, process of interview and quality of interviewer are very crucial to determine a successful recruitment taking place.

Lawrynuik (2002) has developed the similar conclusion as what the above suggested. In his study, he has concluded there are two important guides to develop the success and high achievement of the distributors in the company. First, it is necessary to have the recruitment guideline to recruit quality associate. This guide will equip the leader to outline the relevant questions to interviewee. For instance, characteristics, qualities or attributes associated with performance in the industry. Secondly, another imperative guide for ongoing training and mentoring support to the leaders. It is to ensure that the leader will be able to guide the downline along the path to achieve the desire goal.

According to Korothe et al. (2012), it is very common that the up-line is very close to their down-lines. This fact is to proof the fundamental relationship in the network marketing. The strong ties will be able to enhance their mutual understanding and good cooperation in moving towards the goal. Usually, to succeed in recruitment always depend on social network interaction or peer group influence. For a start, an up-line will usually encourage the new participants to prepare a list of someone they knew: friends, acquaintances, colleagues, ex-school mates. Basically everybody in the contact list, as MLM principle is to approach everyone without prejudice (Bloch, 1996). Then followed by calls and meet ups in order to share the business opportunity with them. Often, prospects might turn down distributor's intention, and the frequency is significant. Poe (1995) said that one should have experience, strength

and self-assurance in getting himself to be involved in MLM business (as cited in Bloch, 1996).

Through that, it is always a conflict to distributor in “abusing” the relationship to build their networks. Koroth et al. (2012) research found out that many respondents who had participated in MLM company was due to the pressure from acquaintance who is a distributor. Due to the conflict of recruiting acquaintance to MLM company is being discussed on the sincerity, distributor started to look out for other methods. According to Lan (2002), distributor might start to recruit someone whom they do not know to relief their pressure (as cited in Koroth et al., 2012). The research has concluded that distributor’s network is built on relationship; distributor who has weak relationship will tend to have lesser down-line. The stronger ties of trust within the up-line and down-line, the stronger the relationship (Chen et al., 1999). Therefore, distributor satisfaction relies on the quality of communication and management skill of recruitment.

2.2.3 Perceived Quality of Training Program

The competency of a distributor is associated with the skill and ability of selling (Sypniewska, 2013). Distributors are required to be more proficient in their selling skill in order to attract the newbies to join the industry (Koe et al., 2011). This is one of the factors that lead to the success in the competitive market (Sypniewska, 2013). Therefore, company must be able to provide quality training to groom the distributors (Chen & Cheng, 1999; Delgado, 2000). Distributor, who equipped with good selling skill, confident and knowledgeable in company products will be able to give confident to customers as well as to other distributors.

Bacon (2009), Delgado (2000) and Dyer (2001) also suggested that sufficient training and sales meeting are necessary in order to promote the success rate of the distributor. Distributor is required to have appropriate amount of mentoring programs in order to

sustain in this industry. The relevant training, meeting, motivational activities, marketing material can improve the social ties among members (Sparks et al., 2006; Chen et al. n.d.). This cooperative behavior is seen as a socialized communication which contributes to more cohesive units and good organizational citizenship behaviors.

Some MLM companies may instill the elements of motivation to the training program. For instance, the monetary motivation is commonly found in MLM company (Miekina, 2012; Pratt, 2000, Chen et al., 1999). It will set a condition or target to the distributor in order to promote to higher position and higher commission level. Contest or incentives trip also another typical motivation for distributor and their downlines to cast about. Besides, there are plenty of related functions to boost the motivation: seminars, functions, recognition etc.

Besides, the MLM company may need to focus to groom the potential leaders that able to commit to the business with great performance (Lawrynuik, 2002). Indirectly, it will create a role model for the other members in the network. Besides, the training syllabus must be in accordance to the needs of the target. Chen et al (1999) has indicated in his report that, the content of the training is advisable to design according to the distributor need. For instance, based on their ranking of advancement, the beginner should receive more details training than the one who has achieved higher ranking. As for product-based knowledge, the beginner should learn all the core products rather than only new product. With this content-focused method, each individual will be able to achieve their desired target and ranking advancement.

2.2.4 Up-line Support

Up-line is the distributor who recruits another distributor to join the multi-level marketing business. The recruited distributor is a down-line of the first distributor. As multi-level marketing business plan is paying according to level and generation.

Generally, the non-monetary form of motivations in MLM industry is coming from the buyer-seller relationship (Coughlan & Grayson, 1998). The good relationship will promote greater ties among each other in the network to move towards goal.

The relationship of up-line distributor and his down-line is very important. Up-line should consistently provide guidelines and support to down-line in order to achieve the potential lucrative financial incentives (Sparks et al., 2006). Distributor must always provide emotional support, information sharing, initiative on social interaction and practical assistance to his customer as well as down-line (Zhang, Chen & Su, 2014). Up-line required to have complete the steps and progress to help down-line to achieve the desired success (Lawrynuik, 2002). Up-line should also ensure the consistency on the activities and relevant planning to assist the growth of the down-line.

According to Lindgree, Palmer, Wetzels & Antioco (2009), the success of the teamwork of both up-line and down-line could be measured by commitment, trust, positive behavior and relationship continuity (as cited in Trajanovska, 2013). The relationship between the two parties will affect the performance in the business (Chen, 2009).

2.2.5 Perception of Products/Services

In all MLM context, the product sold has bypassed the wholesaler, distributor and advertiser (Kong, 2001). Thus, the shortened supply chain has reduced the cost of the products. Distributor in MLM company will earn from the products he purchased and override on the purchase of his downline too. It has encouraged distributor to build his sales team to act in concert with company's direction and promotion (Ong & Run, 2007).

Product and service of a company are representing the corporate identity and reputation (Osei et al., 2014). The image, experience of using and quality of the product are shaping the image of the company. The product which is value for money, from trusted source and with sufficient information perceived positively in the eye of consumer (Joshi, 2014). Besides than the characteristics of the product, company image, distributor's knowledge and wide range of products are contributed to the satisfaction of consumer. According to Chen et al. (1999), agreed that MLM focus is no longer rely on its glorious image, but more pragmatic consideration – which is to invent more innovative and quality products. They found that, distributor will feel much easier to convince the prospect with the product innovation rather than focus on the profit plan.

Majority of the companies will include product or service briefing in its initial business opportunity talk to the prospect. After the completion of the session which inclusive of company background and compensation plan, there the pre-purchase activity will kick start (Radmand & Mukhtaram, 2013). This intention of this is to arouse the interest of the prospect and attract them to stay with the company. Distributor is reward with the effort to promote the product and recruitment. Thus, the reward scheme is rewarding the distributor based on the sales volume which generated from product purchase.

In Malaysia, product wellness is the top sales category with 53% dominated the industry (WFDSA, 2015b). A few famous MLM companies in Malaysia are also famous with their health supplements, for instance Amway, Cosway, Elken, Usana, Herbalife, Nu Skin and so forth. Usually, the sales volume from a MLM company is not only coming from distributor, but it is also includes the sales from end user or non-distributor (Coughlan, 2012). End user is normally the potential distributor as he might be fascinated by the product features. Hence products are the main attraction to retain distributor as well as consumer.

2.2.6 Monthly Income

Basically, the monthly income of a distributor is derived from the commission of retail profit (purchase product) and recruitment (Koroth, 2013). The amount of the income is depending on the distributor's effort and performance of the month. The effort is counted by referring to the compensation plan or reward system in the MLM company. Commonly, each distributor is rewarded in two different components in the scheme. First, distributor will required to maintain a monthly purchase in order to qualify for the commission (Coughlan et al., 1998). He can either use the product or to sell it to customers with retail price. He will be benefited from the qualification the reward entitlement with enjoying the product feature. Otherwise, he can earn the variance by selling the products to others.

Secondly, distributor also earns commission from the volume contributed by the down-line in the same network group (Coughlan et al., 1998). The down-line who need to qualify himself to the commission payout will required to make a purchase for that particular month. The purchase that he made will contribute volume to the group. The up-line(s) from the same group will be benefitted in overriding the volume contributed by the down-line.

Some companies might have other components in the plan which will give extra incentives if the distributor achieved specific requirement. Distributor not only awarded on distributor's recruitment, some companies might give minimal incentives on recruiting consumer. The ultimate goal is the ability to sustain the repeat sales of products/services (Koe et al., 2011). The assurance of attractive monthly income is one of the tools to retain the distributor in the company (Delgado, 2000).

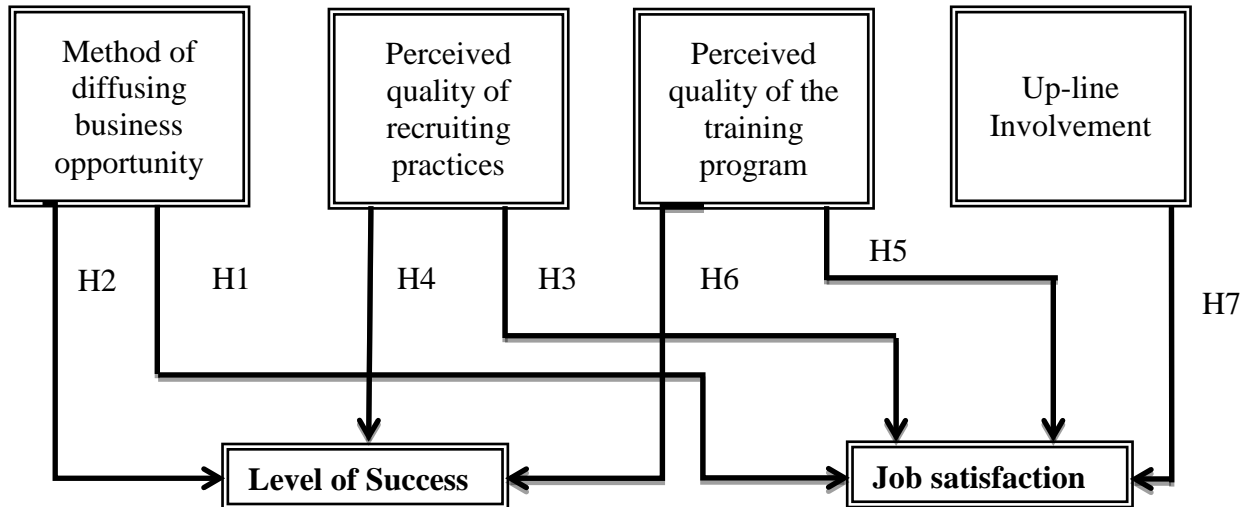
2.2.7 Preferred Method of Approach

MLM business as part of the relationship marketing, at all time, it is depending on the interpersonal communication with one and another. Each individual is usually impressed by someone they are familiar before they participate to the MLM business. The method of approach is rather important as it is the first impression of the prospect towards the MLM company as well as the distributor. Therefore, in this context, trust and commitment are appeared in a pair and inseparable (Wang, 2009). It is a key to success because if without it, the mutual agreement between two parties is merely a transition.

The trust is the key element for a prospect towards the distributor. According to Lewis and Wiegert (1985), cognitive trust and emotional trust are underlying the personal response (as cited in Wang, 2009). Cognitive trust is the trust given after the complete analysis of its trustworthiness; while emotional trust is referring to the willingness of the individual to trust the other party. Emotional trust usually appeared if the other party who has gained respect and known of its credibility.

2.3 Review of Relevant Theoretical Models

Figure 2: Theoretical Model of the SPSS method: The impact of the recruiting and training practices on the satisfaction and success in the network marketing distribution channel.



Source: Delgado, Hector (2000). The impact of the recruiting and training practices on the satisfaction and success in the network marketing distribution channel.

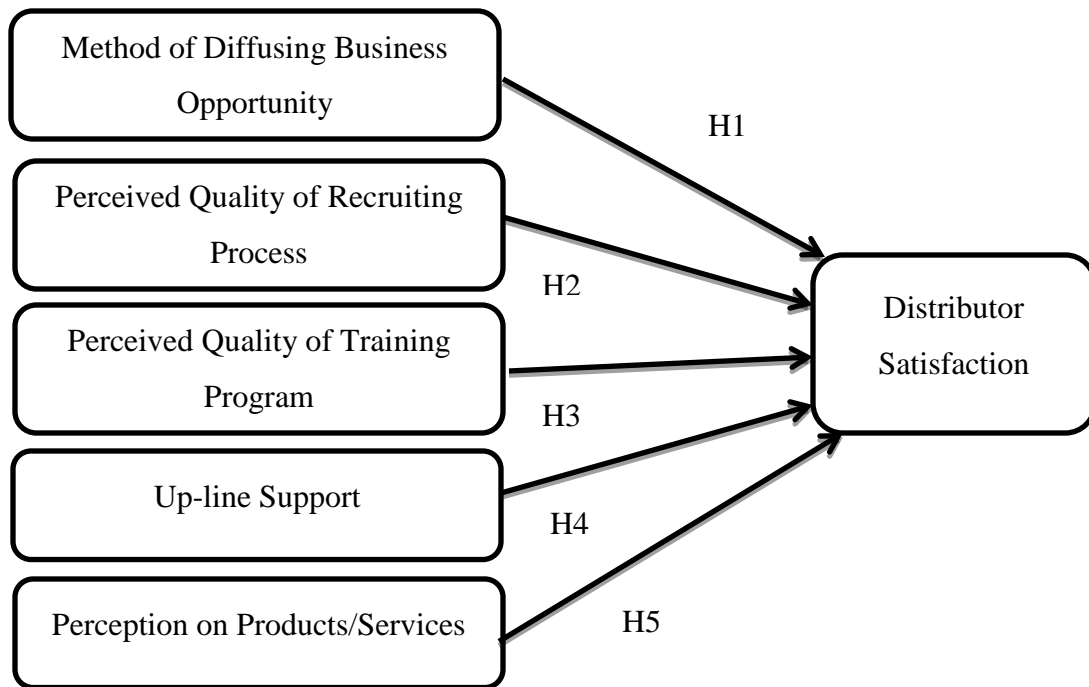
The theoretical model of the impact of recruiting and training practices on the satisfaction and success in network marketing distribution channel was developed by Delgado (2000). These factors are identified from extensive review of literature which indicates that they are relevant to the job satisfaction and level of success in MLM company. The influencing factors are methods of diffusing business opportunity, perceived quality of recruitment process, perceived quality of training program and up-line involvement.

The main objective of the author was to examine the effect of the recruiting and training practices as an indication of the turnover of the participants in MLM

company. The satisfaction and the level of success of the participants in MLM company are predicted by the four factors mentioned above.

2.4 Proposed Theoretical/Conceptual Framework

Figure 3: Conceptual Model of the Factors that Influence Distributor Satisfaction toward Multi-Level Marketing Company



Source: Develop for the research

The model above show the proposed conceptual framework that serves as the foundation to study the multi-level marketing company in Malaysia. This model is adopted from the review theoretical model which is developed by Delgado (2000). This framework is developed based on the research objective and research question in this study. In this framework, distributor satisfaction is the dependent variable. There

are 5 independent variables are methods of diffusing business opportunity, perceived quality of recruiting process, perceived quality of training program, up-line support and perception on products/services.

The proposed conceptual framework is to identify the expected relationship of the independent and dependent variables. The relationship of dependent variable and independent variables will discuss later with the specific hypotheses below.

2.5 Hypotheses Development

2.5.1 Distributor satisfaction toward Multi-level Marketing Company

Distributor satisfaction is referring to the intention of the distributor to remain in the multi-level marketing company. If the distributor has tendency to leave the MLM company, it will become an actual turn-over in the long run (Delgado, 2000). There might be many reasons of the turn-over intention, however, dissatisfaction might be the top reason in the list, perhaps. The results in Delgado's (2000) study, job satisfaction is the predictor of distributor's intention to leave the company; especially the poor performance individual.

First of all, what are the reasons for the distributor to join the MLM company? Some are the reasons might be the flexible time, flexible location, attractive income, earn passive income, low cost, purchase products in special prices etc. (Nadler, 2008). Job with high pay and good commission scheme may enhance the retention rate of distributor (Delgado, 2000). Distributor with reasonable return on his effort will tend to stay longer in that company in order to further improve his income. The feeling of success and accomplishment in the career will encourage them to remain in the company too (Delgado, 2000).

Devoting time and money by distributor are another gesture of enhancing job satisfaction (Msweli-Mbanga, 2001). It is indirectly improve the organizational commitment of the distributor. His loyalty and attachment will be expressed through the values and goals that he has.

2.5.2 Method of Diffusing Business Opportunity

Distributor in MLM company may try different approach to diffuse the business opportunity of the company he represented. The effectiveness of the diffusing tool is able to help the distributor to grow the network. The most common is using word-of-mouth method to do sharing to the prospect (Delgado, 2000). Therefore, it is very important for a company to have a good image in the eye of public. MLM industry always implicated by pyramid scheme, Ponzi scheme, some illegal activities or scam. To clear the skepticism and suspicion of the public, a clear guideline to draw a line with the illegal is important. For instance, it could be distinguished through actual product sold, buy-back policy, inventory loading etc.

It is very common that MLM company will instill the ‘dream-building’ elements in order to set personal and sales targets to the distributor (Pratt, 2000). It is very common to distributor to use this method to stimulate the desire of the prospect. Thus, it is always use as a diffusing tool during the first approach. Further to that, company will also promise to help the distributor with supports and return. However, Pratt (2000) studies show that the high income earner might leave the company with other reason. However, the one who stays might be the low income earner who has found other compliments in that organization. Many MLM companies are also emphasizing in helping other to fulfill their dreams. Therefore, it is showed in Bacon (2009) studies that profit and incentives derived from the MLM plan are not important to justify if the distributor is satisfied or not. It might be coming from the non-monetary compliments from other aspect.

H1 There is a significant association between the method of diffusing business opportunity and distributor satisfaction in multi-level marketing company.

2.5.3 Perceived Quality of Recruiting Process

Recruiting is one of the important activities in MLM that able to generate income immediately. People are made to believe that the turnover rate in MLM industry is very high. It is very common for a distributor to move from one company to another; alternatively, while having income in this company and start to explore other opportunity that offered. Thus, recruitment is one of the important activities in MLM to replace the dropout (Koroth et al., 2012). Distributor's incentive is not only depend on the volume of product/service sold but also the recruitment that they do. Distributor need to constantly bring in new blood to grow his network. He is not required to literally bring in every individual to his network, but he has to educate the down-line to follow as what he did. As a result of the duplication, the size of the network could grow in many folds. Company will reward the distributors for their efforts to duplicate the system to his down-line.

According to the studies from Schmitt (1986), Baker & Spier (1990) and Kennedy (1994), interview is an effective tool to assist distributor to select the right candidate to his network (as cited in Delgado, 2000). Distributor will start with compiling the name list from his contacts (Bloch, 1996; Delgado, 2000). Distributor is usually focused on either business opportunity or product sharing to prospect. Public used to argue on the sincerity of the alleged opportunity. However, distributor has been taught to be knowledgeable and well versed on the business as well as the products. MLM companies representatives also insist that they are using rather soft approach to convince the prospects instead of pressurize them to sign up (Bloch, 1996).

According to Clements (1997), he has suggested the ABC technique which recommending the prospect on the business opportunity at a casual occasion (as cited

in Delgado, 2000). This approach is more on enlightening the opportunity availability in the market. The decision making will still be on prospect's hand. Distributor is trained to be competent and decisive to handle the dynamic recruiting process. Distributor needs to deliver the appropriate message and empowered with convincing strength to correct public perception (Bloch, 1996).

The technology advancement also an effective tool that distributor might consider. Using social media to approach anonymous might be a good idea to eliminate the finger pointing of abusing friendship. Some individual was upset due to the friend of him has approached him with purpose. It might then turn into a negative impact, where the prospect is avoiding the friend who recruited him. The responses are varies depend on the individual who recruited. Therefore, it could be avoid when it is targeting someone anonymous. Many companies are capitalized the opportunity of e-commerce. Besides than online purchase, distributor eventually can utilize the platform to recruit. This can reach out to more people, without any boundaries. The opportunity is even greater and encouraging.

Distributors in different companies may be taught of different recruiting technics and using different tools during the recruitment process. Thus, it is very important for a MLM company to educate and train the distributor in order to retain the satisfied distributor in the company. Again, MLM business is made up with people; a satisfied distributor will make up a success business precedence for their followers.

H2 There is a significant association between perceived quality of recruiting process and distributor satisfaction in multi-level marketing company.

2.5.4 Perceived Quality of Training Program

MLM industry is a very dynamic business. It is very sensitive to the changes and movement in the market. Thus, distributors must be trained and equipped with

knowledge and skill. It will help them to be more convincing and skillful when dealing with the sales or marketing of the business opportunity and product/service (Delgado, 2000). Sometimes, it might be an issue for too many part time distributors who do not have any sense of belonging or loyalty to the company. Thus, it is essential for a MLM company to strategize the training content in order to boost up the missing elements of distributor (Koroath, 2012).

It is proven that training, meeting and mentoring program that organized by MLM company could help the distributor to attain successful result (Bacon, 2009). If the distributor is well trained by the company, it will somehow guarantee on the success rate of this distributor in growing his network. He will be more convincible in recruiting prospect and closer to his desire outcome. The profit plan and incentive have very minimal or no impact to justify if the distributor is satisfied in that company. Relatively, MLM company should improvised the training and mentoring program to further motivate the distributor (Koroath, 2012). Distributors who were highly motivated and satisfied will tend to vow themselves to the business.

Recognition and commendation to one's effort is being appreciated (Miekina, 2012). Usually, MLM companies will have their very grand annual recognition event to motivate the distributor for the contribution over a year. This might be another supporting effort to recognized one success.

H3 There is a significant association between perceived quality of training program and distributor satisfaction in multi-level marketing company.

2.5.5 Up-line Support

In the context of MLM industry, up-line and down-line are formed in a network system, where their two-way support is helping each other to gain higher commission. Most of the times, distributor has not dealing with the MLM company directly, rather,

they are always refer to up-line for guidelines (Md.Isa, Cheng, & Mohd.Yunus, 2012). It is always essential for an up-line to help down-line in order to achieve the desired goal (Delgado, 2000). As up-line is the recruiter or mentor to inspire the down-line to participate in this business. According to Lindgreen et al.(2009), teamwork, trust, commitment, and positive word-of-mouth behavior and relationship continuity are the key elements to achieve peak in this business (as cited in Trajanovska, 2013). The mutual value perception and relationship quality are interrelated to the performance in the business (Chen, 2009).

Leader-member-exchange (LMX), is referring to the dyadic relationship between up-line and down-line. Up-line should responsible to be a competent leader in the team to guide the team to improve the performance and competitiveness (Johnson, 2009). The quality of leadership may influence down-line's satisfaction in attaining the goal in the MLM company.

H4 There is a significant association between up-line support and distributor satisfaction in multi-level marketing company.

2.5.6 Perception of Products/Services

Product or services in a MLM company is the bullet to approach customer. A knowledgeable distributor with value for money's products will develop a good brand image(Joshi, 2014). It provides the trustworthiness and favorable perception to the public. In addition, company that has variety range of products with sufficient information provided is having advantage to motivate a serious buyer.

To retain the loyalty of the distributors, MLM company must continue to offer more quality products and attractive packages (Chen & Cheng, n.d.; Ong et al., 2007). A sense of loyalty implied that the willingness of the distributor to stay with the company. Distributor satisfaction is coming from the product with good quality and

credibility which enhances the market competitiveness (Su, Zhong, & XieGong, 2013). Quality products enabled distributor to approach the prospect with higher confident and it is also represent the company strength.

Study from Ong et al. (2007) showed that distributors are enjoying on the having the promotion price for the products that MLM company offered. Some distributor might consider having special price to buy the product for own use is a great benefit that they enjoyed (Pratt, 2000).

H5 There is a significant relationship between perception of products/services and distributor satisfaction in multi-level marketing company.

2.5.7 Monthly Income Group

Success in a company always relate to the satisfaction of the individual in that company. When the individual is satisfied, it is rarely that he will leave the company. One of the attractions of MLM company is the ability to provide financial freedom to distributor (Delgado, 2000). The reward scheme is not influencing the satisfaction of distributor in involving in MLM business (Koe et al., 2011). It may not easy to comprehend if the reward scheme is profitable. However, according to Korothe (2013), distributor who has higher income will have higher perception on MLM company. Distributor will be satisfied enough to remain in the company provided if he has got his goal achieved – to have financial freedom. The study from Delgado (2000) confirmed that the key element of that attracted distributor to the MLM business was the potential income that one could made.

H6 There is significant difference between monthly income and distributor satisfaction.

2.5.8 Preferred Method of Approach

Distributor is required to portray a credible image to prospect in order to convince them on the business opportunity. Therefore, the prospect will feel more secure and satisfy if he trusted the distributor (Wang, 2009). Prospect, as a distributor-to-be, he needs to have a level of confidence towards distributor before participating in the business.

There are a few methods of individual being approached: by reading an advertisement in publication, through social media, business opportunity shared by friend or relative, business opportunity shared by co-worker, and business opportunity shared by business associate. These methods are believed to be the preliminary process in recruiting. It is believed that approaching the acquaintance could increase the success rate (Koroth et al., 2012). During the initial sharing of business opportunity, it will highlight on entrepreneurship trend and explaining the strengths of MLM business opportunity. The trust and commitment of distributor and prospect are important to boosting up the success rate (Wang, 2009).

H7 There is significant difference between preferred method of approach and distributor satisfaction.

2.6 Conclusion

In chapter 2, it has outlined the comprehensive view and further understanding of the study. The relationships between dependent variable with the five independent variables are clearly defined. In the next chapter, all hypotheses will be tested based on the respondents with appropriate research method.

CHAPTER 3

METHODOLOGY

After the details layout on the literature review, hypotheses and conceptual framework, it gives a better understanding of the foundation of the research topic. Data is collected via web-based survey and also through questionnaire form to the intended target. In this chapter, the detail of methodology of data collection and hypotheses will be tested. Research design, data collection methods, sampling design, operational definitions of constructs, measurement scales, and methods of data analysis are all included in this chapter.

3.1 Research Design

In this research, quantitative research will be conducted in order to measure the variables that would affect the satisfaction of distributor in MLM companies. The aim of using quantitative research is to determine the relationship between distributor satisfaction and the five determinants. This is a hypothesis testing and cross-sectional study as data have been collected. The survey is carried out from January – September 2015. In such a case, the unit of analysis for this study is individual as a distributor is being assessed.

3.2 Data Collection Methods

Data collection is an important aspect to be used to answer the hypotheses and research questions. There are two types of data collecting methods: primary data and secondary data.

3.2.1 Primary Data

Primary data is the original data obtained directly in order to address the problem of the research study. This survey is designed to collect information on distributors' evaluations and satisfactions on MLM companies. There is not any specific MLM company that mentioned in this context. Distributor who has joined any multilevel marketing company, direct selling company or network marketing company is the target to evaluate for this study. The surveys are distributed to respondents by using both traditional distribution and electronic survey. For web-based survey, the respondents are referred to google website, where the survey is stored. It will ease the tracking procedures as the responses will be available in real time. The only pitfall is the respondent feedback cannot be absolute gauge, as respondent may distracted or response may from other helping hand.

For physical distribution, the questionnaire for this survey is printed and distributed through a few leaders in different MLM companies in Malaysia. Besides, the questionnaire is translated into 3 different languages and uploaded to different website links for online respondents. Questionnaire in English, Malay and Chinese languages are used in order to facilitate better understanding among respondents. The respondents' identities are kept confidential in this web-based approach. However, due to some sensitive questions, like income, electronic way of distribution is heavily used.

The intended respondents are of the distributors from different companies. This questionnaire is distributed to distributor who is above 18 years old (legal age of joining MLM in Malaysia) and above. It doesn't have any maximum age limit as the many of the retirees are involving in MLM as an activity to keep themselves in contacted.

3.2.2 Secondary Data

Secondary data is referring to the data that obtained from other sources which was prepared by some organizations or done by other researchers. It could be very useful where it will save time and better define problem. However, since this survey has not been done in Malaysia context, thus, there is no precedent of the record being found. Therefore, this survey is done base on primary data collection method.

3.3 Sampling Design

Sampling is represented by a subset of target population. It is used to investigate about certain issues, where the result collected from this population is to use to portray the point of view of the population as a whole.

3.3.1 Target Population

When researcher started to plan for a research project, he has to identify the target from a group of people that he wanted to explore (Sekaran, 2003). The objective of this study is to explore and identify the determinants that affected the satisfaction of distributor in multilevel marketing company in Malaysia. Hence, the target population in this study will be the distributors who are involved in MLM businesses. It is open

to individual who is 18 years old and above (the legal age to join MLM), regardless of male or female, part timer or full timer.

3.3.2 Sampling Frame and Sampling Location

A sampling frame is a representation of the elements of the target population. The sampling location is widespread to the whole nation of Malaysia. MLM distributor doesn't require any fixed location or office to conduct the business. Thus they are moving around East and West Malaysia to do recruitment and training. In order to have better accuracy of the result, the questionnaire is distributed to at least one leader in each region: Central, Southern, East Coast, Northern, Sabah and Sarawak. The leader will ensure the respondents are those who is from MLM business background, part time or full time.

3.3.3 Sampling Elements

It is referring to the element in the sampling population which is going to be studied. The research will be conducted in Malaysia. The target respondent is focus on individual who is a distributor. In MLM industry, the legal age of participation is 18 years old. Therefore, besides than working adult, it will also target to the students who are in their tertiary education, as well as the retired individual.

Since the involvement in MLM business doesn't require full time commitment, it has attracted a lot of individual to do it part timely. Therefore, students, working adult, retirees as well as home maker are encouraged to participate in this business to earn extra income.

3.3.4 Sampling Technique

There are two types of sampling techniques in research, which is probability sampling and non-probability sampling. This research has applied the non-probability sampling, where not every element of the target population will have a chance to be selected to the survey. Thus, in this study, non-probability has been selected due to the target respondents are those distributors in MLM companies, who are aware and understand the nature of the business. Besides, this technique is inexpensive and do not require larger population. It does save time and cost of sampling too.

The respondents also might be some individual who referred by those who are in MLM companies. This survey is also applying snow ball sampling, where the leaders in the MLM companies will be able to identify other distributors in their network or other networks who they have known. This referral sampling will ease the accuracy of getting the right target population, as distributors are normally connected in the same community.

3.3.5 Sampling Size

The sample size is determined by ensuring the precision and confidence in estimating the populating parameter. Within the time and relevant resource constraints, targeted 300 sample size and 20 pilot test samples are prepared for this research. The quantity sample size and pilot test are fulfilling the survey requirements. The 20 pilot test samples were distributed to leaders and management team from MLM companies. The purpose is to pretest the questionnaire and obtain feedback in order to minimize the confusions within the questionnaire.

Finally, there are only 216 surveys returned, despite of over 300 questionnaires been blasted electronically and physically. After checking, only 216 questionnaires are fit to use as a sampling population.

3.4 Research Instrument

The research instrument used in this study is self-administered questionnaire. It does not require the present of interviewer or computer assistance to assist in answering the questions. The questionnaire was developed based on the prior research done by researcher. The objective is to examine the relationship of methods of diffusing business opportunity, perceived quality of recruiting process, perceived quality of training program, up-line support and perception on product/service with distributor satisfaction in MLM companies.

3.4.1 The Purpose of Using Questionnaire

Researcher usually will choose to use questionnaire as it is an efficient data collection mechanism which able to precisely measure the variables of his interest. This study is also using questionnaire to collect data from respondent. Respondent is given a set of identical questions, thus the uniform responses are standardized based on the questions and answers given. Therefore, it will eventually speed up the process of data analysis.

3.4.2 Questionnaire Design

This study is using close-ended questions and scale-response questions where respondents are required to choose from the options or scales points that provided. These questions are adopted from previous researchers who has done the finding, thus, the reliability is somehow assured.

Due to the multi-racial cultural practicing in Malaysia, the questionnaire is translated from English to Malay and Chinese. Furthermore, MLM industry doesn't have any limited on one's education background. Therefore, different languages can assured the respondents from different language expertise are covered.

Generally, the questionnaires are divided into three major sections. Section A has consists of 4 questions. This section is a descriptive analysis on how distributor was initially approached by his up-line distributor. Respondents are given the choice of multiple –choice of answers in this section.

In section B, the questions were designed to gather information on respondent's opinion on the MLM companies based on the variables given. The questions will focus on the five variables: methods of diffusing business opportunity, perceived quality of recruiting process, perceived quality of training program, up-line support and perception on product/service. This section has adopted five-point Likert-scale question, ranging from strongly agree to strongly disagree. Respondent is required to answer the question based on his satisfactions on each element that relate to the variable. There are a total of 34 questions that measuring the five independents variables in this section.

The last section of the survey is related to respondent personal information. Respondents are required to provide relevant information on their background which related to MLM industry, as well as the source of income. Finally, it will be the demographic information which consists of gender, age, marital status and education level.

3.4.3 Pilot Test

Pilot test is an initial process prior the actual questionnaire distribution is taking place. The purpose to carry out pilot test is to ensure the quality of questionnaire by

getting responses from the respondents. The researcher will be able to obtain feedback and response through the pilot test and make necessary changes, so it will not be any confusion for the actual respondent to answer the questions.

There were total of 20 sets of questionnaire were distributed as a gesture of pilot testing stage. The respondents for this pre-test were leaders and top management of MLM companies. This pre-test has enabled the identification of the limitation and unforeseen error of the questionnaire. Therefore, necessary rectification has been done to ensure more complete and accurate answers from the respondents. The reliability test to check the accuracy and reliability had conducted.

3.5 Construct Measurement

3.5.1 Origin of Construct

All construct measurements used in this research project are adapted from previous research studies. Each measured items for the constructs are discussed below:

Table 2: Distributor Satisfaction towards MLM Companies Construct and Measurement Items

Construct	Sample measurement items	Sources
Satisfaction toward MLM companies 5 items	1. This multi-level marketing company always shows interest in the concerns and needs of the distributors.	Delgado (2000)
	2. I feel a sense of pride in doing my job as a distributor of multi-level marketing.	
	3. I feel my job as a multi-level marketing distributor is enjoyable.	
	4. I feel my job as a multi-level marketing distributor is meaningful.	
	5. I rate my current multi-level marketing business opportunity as very good.	

Source: Adopted from Delgado (2000)

Table 2 above indicates the items for distributor satisfaction toward multilevel marketing companies which includes five items such as (1) This multi-level marketing company always shows interest in the concerns and needs of the distributors, (2) I feel a sense of pride in doing my job as a distributor of multi-level marketing, (3) I feel my job as a multi-level marketing distributor is enjoyable, (4) I feel my job as a multi-level marketing distributor is meaningful, (5) rate my current multi-level marketing business opportunity as very good. The five items are adopted from Delgado (2000).

Table 3: Method of Diffusing Business Opportunity Construct and Measurement Items

Construct	Sample measurement items	Sources
Method of Diffusing Business Opportunity 3 items	1. In my opinion, the existing rules and procedures of this multi-level marketing make the distributor job easier.	Delgado (2000)
	2. There is a good opportunity for advancement in this multi-level marketing organization.	
	3. I am satisfied with the opportunity for advancement in this multi-level marketing business.	

Source: Adopted from Delgado (2000)

Table 3 above indicates the method of diffusing business opportunity is evaluated by 3 items which adopted by Delgado (2000). The scale evaluated the satisfaction on the method that used to diffuse the business opportunity in MLM companies.

Table 4: Perceived Quality of Recruiting Process Construct and Measurement Items

Construct	Sample measurement items	Sources
Perceived Quality of Recruiting Process 5 items	1. I felt comfortable the way the person who originally talked to me about this multi-level marketing business.	Delgado (2000)
	2. I did not feel any pressure from the person who originally talked to me about this multi-level marketing business.	
	3. I was provided with the relevant information about the business opportunity before signing up as a participant.	
	4. I feel very good about recruiting friends, relatives, neighbours, and co-workers.	
	5. It has been real good with me recruiting friends, relatives, neighbours, and co-workers.	

Source: Adopted from Delgado (2000)

Table 4 above indicates the perceived quality of recruiting process is evaluated by 5 items which adopted by Delgado (2000). The scale evaluated the distributor's perception on the quality of recruiting process in MLM companies.

Table 5: Perceived Quality of Training Construct and Measurement Items

Construct	Sample measurement items	Sources
Perceived Quality of Training 7 items	1. I feel that I have received the necessary amount of training in this multi-level marketing company.	Delgado (2000)
	2. In general, I rate as very good the last multi-level marketing training that I received.	
	3. In general, I rate as very good the learning environment in the last training that I received.	
	4. I think the training has helped me to achieve success as a distributor in multi-level marketing.	
	5. I was very well motivated during the training session.	
	6. In my opinion, the instructors were well prepared for the training.	
	7. I think the training addressed the important issues related to my job as a distributor in multi-level marketing.	

Source: Adopted from Delgado (2000)

Table 5 above indicates the perceived quality of training is evaluated by 7 items which adopted by Delgado (2000). The scale evaluated the distributor's perception on the quality of training program in MLM companies.

Table 6: Up-line Support Construct and Measurement Items

Construct	Sample measurement items	Sources
Up-line Support 3 items	1. I think that my up-line is competent in the job he/she is doing.	Delgado (2000)
	2. In my opinion, my up-line is always in the best disposition of helping his/her down-line	
	3. My up-line always shows interest in the concerns and needs of his/her down-line.	

Source: Adopted from Delgado (2000)

Table 6 above indicates the up-line support is evaluated by 3 items which adopted by Delgado (2000). The scale evaluated the distributor satisfaction on the up-line support in MLM companies.

Table 7: Perception of Product/Service Construct and Measurement Items

Construct	Sample measurement items	Sources
Perception of Product/Service 5 items	1. This Company has a channel for consumer feedback and respond.	Osei et al. (2014)
	2. This Company is able to provide the complete information on its product/service.	
	3. The Company provides a speedy response to your feedback/complaints.	
	4. This Company has provided product/service with complete label and content.	
	5. The product/service from the Company is very attractive.	

Source: Adopted from Osei et al. (2014)

Table 7 above indicates the perception of product/service is evaluated by 5 items which adopted by Osei et al. (2014). The scale evaluated the distributor's perception on the quality of product/service in MLM companies.

3.5.2 Data Scale of Measurement

Measurement involves in assigning numbers to variable according to certain rules that set. The number that assigned must reflect the characteristics of the phenomenon being measured. There are 4 types measures: nominal scale, ordinal scale, interval scale and ratio scale.

In section A, which consists of questions related to the experience of distributor before participated in a MLM company. Thus, nominal scale is used to as the options given in each question are mutually different.

In part B, questions are evaluating the respondents' opinions on their satisfactions toward the MLM companies. The variables it's evaluated are satisfaction towards MLM companies, method of diffusing business opportunities, perceived quality of recruitment process, perceived quality of training, up-line support and perception on product/service. These variables are using interval scale, which is a five-point Likert scale ranging from (1) Strongly Agree to (5) Strongly Disagree. Table 3.7 below shows the summary of Likert Scales that used to measure the abovesaid variables.

The final part in the questionnaire is also measuring using nominal scale. Besides than referring to distributors background with the MLM companies, it consists of some demographic information of the distributor too.

Table 8: Summary of Likert Scale Used to Measure Variables

Variables	Likert Scale
Dependent Variable: Distributor Satisfaction	1 = Strongly Agree 2 = Agree 3 = Neutral 4 = Disagree 5 = Strongly Disagree
Independent Variables: Method of Diffusing Business Opportunity Perceived Quality of Recruitment Process Perceived Quality of Training Program Up-line Support Perception on product/service	

3.6 Data Analysis

After the completion of data collection, Statistical Package for Social Science (SPSS) tool is required to analyze the data. Cronbach's Alpha (α) of not less than 0.7 is the standard measure for assessing reliability of the variables. Correlation will be used to measure the significance of relationship involved for both dependent variable and independent variables. ANOVA will be used to measure the significant differences between the independent variables and the demographic groups.

3.6.1 Descriptive Analysis

Descriptive statistics allows describing the raw data into an informative factors that describe a situation. It is useful to collect the data in a form of number, percentage, range, mean and other relevant personal data information (Pallant, 2005). This analysis is important prior of using other statistical tools in order to check the data is not violating any of the 'assumptions' made.

3.6.1.1 Frequency Distribution

Frequency distribution is reports the number of occurrences of values of a measurement items within a group or interval. Therefore it is normally use to provide the counts for the demographic information based of the respondents' feedback. For instance, gender, income group and age group will be using frequency distribution analysis. To have a better and clearer interpretation of the data, bar charts or graphs could be used too.

3.6.2 Scale Measurement

3.6.2.1 Hypotheses Testing

Hypothesis H1, H2, H3, H4 and H5 were tested by using multiple regression to explore the relationship between the dependent variable and the five independent variables.

3.6.2.2 Multiple Regression Analysis

The multiple regression is used to measure the set of variables to predict a specific outcome (Pallant, 2005). In this study, multiple regression analysis is used to measure the relationship between dependent variable (distributor satisfaction towards MLM companies) and independent variables (method of diffusing business opportunity, perceived quality of recruiting process, perceived quality of training, up-line support and perception on product/service). It is also able to identify which particular variable is best predictor of the outcome. The significant relationship between variables is important to demonstrate the result of the variables. An equation of the relationship of the variables will be derived to explain the model.

The most important element in multiple regression is the R square. R square will indicate how much of the variance in the dependent variable is explained by the model (Pallant, 2005). For instance, if the R² is .45 , this mean that 45% of the variance was explained by the predictors. Next, this analysis also be able to tell which predictor contribute how much to the model. If the p value is less than .05, then the variable has made significant unique contribution to predict the dependent variable (Pallant, 2005). Other than that, collinearity diagnostics tool is included in this analysis. This indicator is to check if the independent variables are correlated, then it

will be considered multicollinearity. The Tolerance value above .10 and VIF value below 10 indicates that the multicollinearity is not presence.

3.6.2.3 One-way ANOVA

One-way analysis of variance or ANOVA, is an analysis for one independent variable with number of different levels and one continuous dependent variable (Pallant, 2005). It will compare variance between different groups and the mean scores of the dependent variable across the groups will demonstrate the significant level. If the significance level in F statistic is 0.05 or below, it's implied that it is significance different among the groups. However, it doesn't identify which group in particular is significance different among the groups.

Therefore, to be able to identify which specific group has significance difference, post-hoc test is required. Under the post-hoc test, if the mean different is marked with an "asterisk", it's implied that the two groups are significant different with one and another.

Besides than the above, there is also another test on Levene's test for homogeneity. It will test the variance in scores for the groups (Pallant, 2005). This required to check the significance level too. If it is greater than 0.05, then it is not violated the assumption of homogeneity of variance.

3.7 Conclusion

This chapter has outlined a complete information on research design, data collection methods, sampling design, research instrument and methods of data analysis are adopted in this study. Chapter 3 provides a connection to chapter 4 in order to show

the patterns of result and the analysis which are relevant to the research questions and hypotheses.

CHAPTER 4

RESEARCH RESULTS AND FINDING

This chapter presents the results and analysis of 216 responses which were administered in the period from June to August 2015. There are a total of 184 respondents from web-based survey and 32 respondents from physical survey form distribution. All results are computed with SPSS computation analysis software. First of all, descriptive analysis and reliability test, correlation between variables are discussed based on the computed data. Then, it followed by the multiple regression analysis, which explained the relationship between dependent variable with the five independent variables. In additional, one-way ANOVA will be presented which explained the association of the groups of people with the variable.

4.1 Descriptive Analysis

Both online and physical survey forms have distributed randomly to the distributor around Malaysia. Among the 320 distributions, there are only 216 responses received or returned; response rate at 67.5%. Prior to the in depth view on the industry, it is always useful to study the descriptive information on respondent's demographic background.

4.1.1 Frequency of Respondents Based on Gender

Table 9: Distribution of Gender

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	78	36.1	36.1	36.1
Valid	Female	138	63.9	63.9	100.0
	Total	216	100.0	100.0	

Based on the output, there are total of 216 respondents. There are 78 male respondents (36.1%) and 138 female respondents (63.9%) made up the sample pool.

4.1.2 Frequency of Respondents Based on Age

Table 10: Distribution on Age Group

		Age			
		Frequency	Percent	Valid Percent	Cumulative Percent
	21-25 years old	17	7.9	7.9	7.9
	26-30 years old	38	17.6	17.6	25.5
	31-35 years old	66	30.6	30.6	56.0
Valid	36-40 years old	48	22.2	22.2	78.2
	41-50 years old	33	15.3	15.3	93.5
	51-60 years old	14	6.5	6.5	100.0
	Total	216	100.0	100.0	

The above shown the distribution of age group among the respondents. According to the data given, the age groups summarized from 31 – 40 years old has dominated 52.8% of the total respondents. The youngest age groups, from 21 – 30 years old have contributed 25.5% to the respondent sample. The senior age groups of 41 – 60 years old are taking up 21.8% from the total sample size.

4.1.3 Frequency of Respondents Based on Marital Status

Table 11: Distribution of Marital Status

Marital Status				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	75	34.7	34.7
	Married	131	60.6	60.6
	Divorced	10	4.6	4.6
	Total	216	100.0	100.0

The table above shows the marital status of the respondents. There are more married individual based on the figure even, which is 60.6%, and 34.7% respondents is single. Only about 4.6% declared that they are divorced.

4.1.4 Frequency of Respondents Based on Education Level

Table 12: Distribution of Education Level

Education		Frequency	Percent	Valid Percent	Cumulative Percent
	Secondary/Vocational	40	18.5	18.5	18.5
	Undergraduate	65	30.1	30.1	48.6
Valid	Graduate	52	24.1	24.1	72.7
	Professional Degree	59	27.3	27.3	100.0
	Total	216	100.0	100.0	

From the data shows that, there are 30.1%, which is 65 respondents have obtained his/her undergraduate studies. Besides, there are 59 respondents (27.3%) had their professional degree. For graduate, there are 52 respondents (24.1%) among the respondents. Last but not least, 40 respondents (18.5%) have had their secondary school or vocational school education. More than 80% of the respondents have had their tertiary education. It is no longer claim that MLM business is only for low education background or illiterate.

4.1.5 Frequency of Respondents Based on Monthly Income Generated from MLM

Table 13: Distribution of Monthly Income Generated from MLM

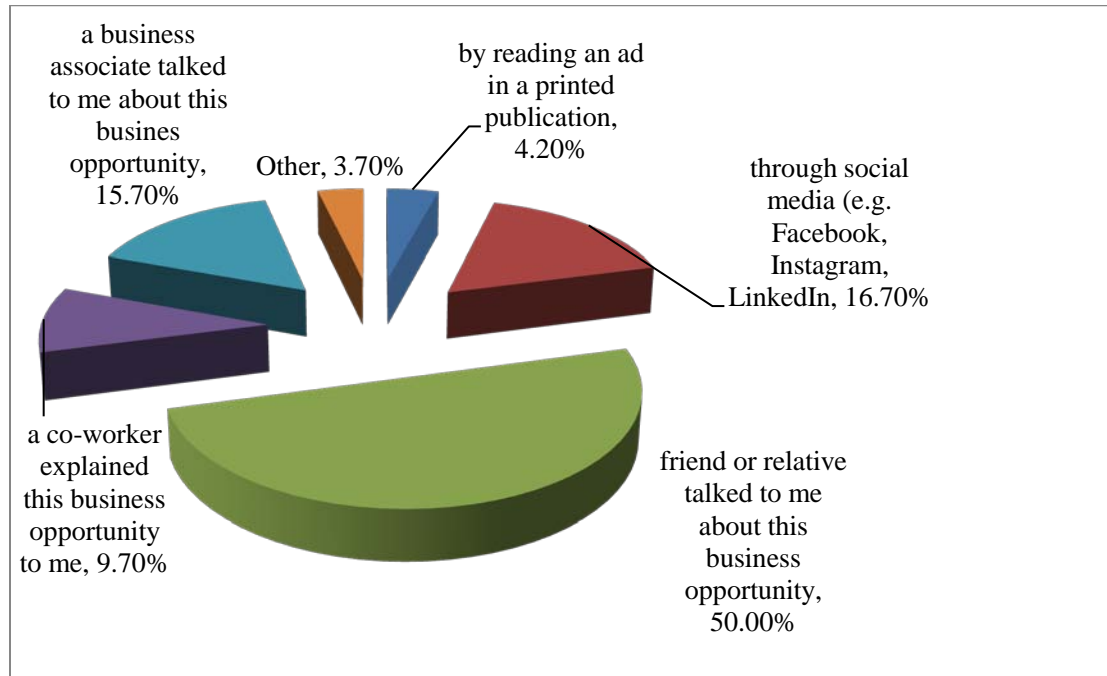
36. What is your monthly income from the current multi-level marketing business?

	Frequency	Percent	Valid Percent	Cumulative Percent
RM500 or below	44	20.4	20.4	20.4
between RM501 and RM1,000	21	9.7	9.7	30.1
Valid between RM1,001 and RM5,000	66	30.6	30.6	60.6
between RM5,001 and RM10,000	64	29.6	29.6	90.3
above RM10,000	21	9.7	9.7	100.0
Total	216	100.0	100.0	

Based on the table above, it shows that the distributor's income generated from MLM. There are 65 respondents (30.1%) who is earning RM1,000 or below. Sixty-six respondents (30.6%) are earning RM1,001 to RM5,000 in particular MLM companies. There are also 64 respondents (29.6%) who is earning RM5,001 to RM10,000 from their MLM businesses. There are only 21 respondents (9.7%) who is earning above RM10,000.

4.1.6 Respondents Preference of Methods of Approach

Figure 4: Distribution of Respondents Preference of Methods of Approach



The above figure shows that how respondents got interested in the MLM business opportunity that they recently participated. Majority of the respondents were interested by the sharing from someone they recognized. There was 50% (108 respondents) of them interested in MLM business opportunity when friend or relative approached them. Thirty-six respondents (16.7%) were initially felt interested through the social media like Facebook, Instagram or LinkedIn. Besides, 34 respondents (15.7%) were attracted by the approach from business associate in sharing the business opportunity with them. There were only 21 respondents (9.7%) shown interest when co-worker explained the business opportunity to them. The remaining 8 respondents (3.7%) were interested on other methods of approach.

4.2 Outcome of Reliability Analysis

The reliability test is an indicator of stability and consistency of the set of data to measure. Thus, it is one of the important procedures to be carried out to examine the internal consistency of the scale items. There are total of 216 responses collected and taken to access the reliability of the one dependent variable with five independent variables. The indicator of reliability test is commonly presents in the Cronbach's Alpha, as below:

Table 14: Reliability Statistics

Cronbach's Alpha	N of Items
.897	6

According to table 14, the Cronbach's Alpha for the 6 variables reported the reading of .897 in this study. The 6 variables are referring to the method of diffusing business opportunity, perceived quality of training, perceived quality of recruitment process, up-line support, perception on product/service and distributor satisfaction. If the value of Cronbach's Alpha which is above .7, considered reliable (Pallant, 2005). Thus, this set of scale has good internal consistency.

Table 15: Reliability Analysis Results

Independent Variables	No of Items	Corrected Item – Total Correlation
Method of Diffusing Business Opportunity	3	.771
Perceived Quality of Training	7	.807
Perceived Quality of Recruitment Process	5	.707
Up-line Support	3	.538
Perception on Product/Service	5	.762

Dependent Variables	No of Items	Corrected Item – Total Correlation
Distributor Satisfaction	5	.822

Table 15 presents the indication of the degree of each item correlates with the total score. The acceptable range of value is greater than .7 and not lower than .3 (Pallant, 2005). Even the variable of up-line support is less than .7, however, it is still more than .3. Therefore, it is not measuring different item from the scale as a whole. In this scenario, these items in the variable will be retained in the scale.

4.3 Hypotheses Testing

4.3.1 Multiple Linear Regression (MLR) Analysis

In this study, hypotheses H1, H2, H3, H4 and H5 were tested using Multiple Linear Regression analysis.

H1 There is a significant association between the method of diffusing business opportunity and distributor satisfaction in multi-level marketing company.

H2 There is a significant association between perceived quality of training program and distributor satisfaction in multi-level marketing company.

H3 There is a significant association between perceived quality of recruiting process and distributor satisfaction in multi-level marketing company.

H4 There is a significant association between up-line support and distributor satisfaction in multi-level marketing company.

H5 There is a significant relationship between perception of products/services and distributor satisfaction in multi-level marketing company.

4.3.2 Multicollinearity Analysis

Table 16: Correlations of All Variables

		Correlations					
		Mean Satisfy	Mean Recruit	Mean Training	Mean Opp	Mean Upline	Mean Product
	MeanSatisfy	1.000	.669	.730	.738	.532	.693
	MeanOpp	.738	.525	.770	1.000	.487	.663
Pearson	MeanTraining	.730	.732	1.000	.770	.398	.717
Correlation	MeanRecruit	.669	1.000	.732	.525	.430	.613
	MeanUpline	.532	.430	.398	.487	1.000	.473
	MeanProduct	.693	.613	.717	.663	.473	1.000

The variables given above represented respective dependent variable and five independent variables. MeanSatisfy is referring to the dependent variable – distributor satisfaction towards MLM companies. MeanOpp is referring to method of diffusing business opportunity; MeanTraining is perceived quality of training program; MeanRecruit is referring to perception of recruitment process; MeanUpline is referring to up-line support and MeanProduct is referring to perception on product/service.

The table above has shown some relationship of independent variables with the dependent variables – distributor satisfaction. It is suggested that, the relationship between independent variables with dependent variable should be above .3 (Pallant, 2005). This table shows that, all independent variables are correlated substantially

with the dependent variable – distributor satisfaction. According to Tabachnick and Fidell (2001), the correlation between each independent variable is not more than .7 in the same analysis (as cited in Pallant, 2005). Even there are cases with value more than .7, with slight more than .7 and less than .8 ; all variables will be retained as it is. If any two of the independent variables are bivariate correlated, it might affected the result.

Table 17: Collinearity Diagnosis

Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1		
MeanRecruit	.417	2.397
MeanTraining	.236	4.244
MeanOpp	.344	2.910
MeanUpline	.684	1.463
MeanProduct	.419	2.387

Besides, based on the table labelled coefficient, there are two values given to check if the variables are having problem of multicollinearity which might not discovered from table 17. The value of tolerance which is more than .1; and value for VIF should not more than 10 indicate that no violation of multicollinearity of assumptions. Thus, according to above table, the values of tolerance and VIF for each variable have not violated the multicollinearity assumption. Each of the variables is not highly correlated.

Table 18: Model Summary of Independent Variable

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.830a	.689	.682	.51068

a. Predictors: (Constant), MeanProduct, MeanUpline, MeanRecruit, MeanOpp, MeanTraining

b. Dependent Variable: MeanSatisfy

Based on the table above, the R square value is .689. It indicated that the 68.9% of variance has been explained by the five variables. The remaining of 31.1% are contributed by other factors.

Table 19: ANOVA^b of Independent Variables

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	121.591	5	24.318	93.246	.000b
1	Residual	54.767	210	.261		
	Total	176.358	215			

a. Dependent Variable: MeanSatisfy

b. Predictors: (Constant), MeanProduct, MeanUpline, MeanRecruit, MeanOpp, MeanTraining

From the ANOVA table, the statistical significance is high, $p < .001$. It can be explained that the five independent variables are able to predict the distributor satisfaction.

Table 20: Coefficients^a of Independent Variables

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.	95.0% Confidence Interval for B		Correlations		Collinearity Statistics		
	B	Std. Error				Lower Bound	Upper Bound	Zero-order	Partial	Tolerance	VIF	
(Constant)	-.277	.135		-2.045	.042	-.544	-.010					
MeanRecruit	.290	.070	.247	4.156	.000	.152	.427	.669	.276	.160	.417	2.397
MeanTraining	.115	.089	.102	1.289	.199	-.061	.291	.730	.089	.050	.236	4.244
MeanOpp	.375	.070	.350	5.343	.000	.237	.513	.738	.346	.205	.344	2.910
MeanUpLine	.114	.040	.132	2.828	.005	.035	.194	.532	.192	.109	.684	1.463
MeanProduct	.203	.069	.174	2.927	.004	.066	.340	.693	.198	.113	.419	2.387

a. Dependent Variable: MeanSatisfy

From the coefficients table above, it has shown that there are four independent variables: perceived quality of recruitment process, method of diffusing business opportunity, up-line support and perception on product/service are making a significant unique contribution to the prediction of distributor satisfaction ($p < .05$). However, the significant value of perceived quality of training program is .199, which is greater than .05. Therefore, it has not making a significant unique contribution to the prediction of distributor satisfaction. The standardised Beta value for method of diffusing business opportunity (beta=.350), perceived quality of recruitment process (beta=.247), perception on product/service (beta=.174) and up-line support (beta=.132) indicated that method of diffusing business opportunity is the highest contributor. The unstandardized B value for method of diffusing business opportunity

($\beta=.375$), perceived quality of recruitment process ($\beta =.290$), perception on product/service ($\beta =.203$) and up-line support ($\beta =.114$) have positive relationships with distributor satisfaction. Therefore, the relationship between distributor satisfaction and the four independent variables can be explained by developing the model as below:

Distributor satisfaction = $-0.277 + 0.375$ method of diffusing business opportunity + 0.29 perceived quality of recruitment process + 0.203 perception on product/service + 0.114 up-line support+ 0.115 perceived quality of training program

Based on the results above, the hypotheses of H1, H3, H4 and H5 are accepted, whereas H2 is rejected.

4.3.2 Additional Analysis

Hypothesis 6 and 7 are tested using One-Way ANOVA. Results are presented below.

H6 There is significant difference between monthly income and distributor satisfaction.

H7 There is significant difference between preferred method of approach and distributor satisfaction.

4.3.2.1 One-Way ANOVA - Monthly Income and Distributor Satisfaction

A one-way between-groups analysis of variance was carried out to investigate the impact of monthly income and distributor satisfaction. Respondents were divided into 3 groups based on their monthly income from MLM companies (Group 1: below RM1,000; Group 2: RM1,000 to RM5,000 ; Group 3: Above RM5,000).

Table 21: Levene's Test

Test of Homogeneity of Variances

MeanSatisfy

Levene Statistic	df1	df2	Sig.
1.693	2	213	.186

From table above, the Sig. value is .186 which is greater than .05 level in Life Orientation test (LOT). Therefore, it is not violated the assumption of homogeneity of variances.

Table 22: ANOVA

ANOVA

MeanSatisfy

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	15.355	2	7.677	10.157	.000
Within Groups	161.004	213	.756		
Total	176.358	215			

The result presented in the ANOVA table above with Sig. value of less than .05; its indicated the result is significant among the groups.

Table 23: Post Hoc Tests

Multiple Comparisons

Dependent Variable: MeanSatisfy

Tukey HSD

(I)	(J) Incomerec2	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Between						
Below RM1,000	RM1,000 and RM5,000	.51310*	.15193	.002	.1545	.8717
	Above RM5,000	.61991*	.14325	.000	.2818	.9580
Between RM1,000 and RM5,000	Below RM1,000	-.51310*	.15193	.002	-.8717	-.1545
	Above RM5,000	.10681	.14264	.735	-.2298	.4435
	Below RM1,000	-.61991*	.14325	.000	-.9580	-.2818
Above RM5,000	Between RM1,000 and RM5,000	-.10681	.14264	.735	-.4435	.2298

*. The mean difference is significant at the 0.05 level.

The post-hoc test is presented in the table as above. Under the column labelled Mean Difference, the asterisk (*) sign at the value indicated the two groups being compared are significantly different from each other at the value of $p < .05$ level. The post-hoc comparisons using Tukey HSD test indicated that group 1 was significantly different from Group 2 and Group 3 respectively. Group 1 and Group 2, which is monthly income below RM1,000 and monthly income between RM1,000 and RM5,000, differ significantly in terms of their satisfaction score. Group 1 and Group 3, which is monthly income below RM1,000 and above RM5,000 were also significantly different with each other in terms of the satisfaction score. Group 2 did not differ

significantly from Group 3. As a conclusion, the higher the income of distributor, the greater satisfaction of the distributor.

4.3.2 One-Way ANOVA - Preferred Method of Approach and Distributor Satisfaction

A one-way between-groups analysis of variance was conducted to investigate the impact of method of diffusing business opportunity on distributor satisfaction. Respondents were divided into 6 groups based on the different methods of diffusing business opportunity (Group 1: by reading an ad in a printed publication; Group 2: through social media (e.g. Facebook, Instagram, LinkedIn); Group 3: friend or a relative talked to me about this business opportunity, Group 4: a co-worker explained this business opportunity to me; Group 5: a business associate talked to me about this business opportunity; Group 6: Other methods).

Table 24: Levene's Test

Test of Homogeneity of Variances

MeanSatisfy

Levene Statistic	df1	df2	Sig.
9.130	5	210	.000

The Sig. value shown in the table was .000. When the $p < .05$ in Levene's test, it has violated the assumption of homogeneity of variances. After checking the post-hoc tests, the variables have no significant difference with each other.

4.4 Summary of Hypothesis Testing Results

Table 25: Summary of Hypothesis Testing Results

Hypothesis	Supported ($p < 0.05$)	Not Supported ($p > 0.05$)
H1 There is a significant association between the method of diffusing business opportunity and distributor satisfaction in multi-level marketing company.	√	
H2 There is a significant association between perceived quality of training program and distributor satisfaction in multi-level marketing company.		√
H3 There is a significant association between perceived quality of recruiting process and distributor satisfaction in multi-level marketing company.	√	
H4 There is a significant association between up-line support and distributor satisfaction in multi-level marketing company.	√	
H5 There is a significant relationship between perception of products/services and distributor satisfaction in multi-level marketing company.	√	
H6 There is significant difference between monthly income and distributor satisfaction.	√	
H7 There is significant difference between preferred of method of approach and distributor satisfaction.		√

4.5 Conclusions

This chapter presented the details interpretation of the finding of analysis based on the data collected. The hypotheses testing have concluded and will be discussed in the next chapter.

CHAPTER 5

DISCUSSION AND CONCLUSION

In this chapter, the results will be discussed further. The discussion and conclusion will be able to explain the research objective in this study. The research findings will provides the valuable insights and the implication of distribution satisfaction to multi-level marketing companies.

5.1 Discussion of Major Findings

The aim of this study is to examine the determinants of distributor satisfaction in multi-level marketing companies. The researcher will focus on the five determinants which are methods of diffusing business opportunity, perceived quality of recruitment process, perceived quality of training program, up-line support and perception on product/service.

There are a total of 78 males and 138 females made up of this sampling. The age of the 216 respondents are from 21-60 years old: 17 respondents from age 21-25, 38 respondents from age 26-30, 66 respondents from age 31-35, 48 respondents from age 36-40, 33 respondents from age 41-50 and 14 respondents from age 51-60. There are

131 respondents who have married, 75 with single status and 10 divorcee in this sampling.

5.1.1 Findings on the Hypotheses

H1 There is a significant association between the method of diffusing business opportunity and distributor satisfaction in multi-level marketing company.

This research found that the method of diffusing business opportunity has significant relationship with distributor satisfaction. The method of diffusing business opportunity is referring to the method of the information of the opportunity is sent to the desired audience; then how was the audience being influence and adopts the message it sent (Delgado, 2000). In view of the competitive market, the entire process also takes into the consideration of the speed the message transmitted and the innovative way of marketing effort. This study has found out that the positive relationship between method of diffusing business opportunity and distributor satisfaction. The legitimacy of MLM business is remained a controversial topic in the society. Thus, the approaches used to convince prospect are portraying a healthy image of a company. The methods used must be seen as legal in order to strengthen the public's confidence. Method of diffusing business opportunity is playing the most important role compare to other determinants in the model. As mentioned in Ong et al. (2007), most of the Malaysians have seen the opportunity in MLM companies in Malaysia. Thus, the opportunity to own a business is also giving a platform to gain financial freedom. It is also implied that the compensation plan in the MLM company must be seen as 'real rewarding' to the distributor (Coughlan et al., 1998). The incentives and bonuses from the reward system are the motivation of distributor efforts.

H2 There is a significant association between perceived quality of training program and distributor satisfaction in multi-level marketing company.

This research has showed that there is no significant association between perceived quality of training program and distributor satisfaction. The training program is referring to business opportunity sharing, motivation, knowledge-based training and so on. However, this hypothesis does not support, as the result of the association of these two variables are not significant. The result indicated that the perceived quality of training program is unable to determine the distributor satisfaction. This is against the result shown in Delgado (2000), Koroth (2012) and Miekina (2012) report, where training is important to shape the competent distributor. Their reports have strongly emphasized the importance of various type of trainings are to motivate and boost distributor confidence.

H3 There is a significant association between perceived quality of recruiting process and distributor satisfaction in multi-level marketing company.

The perceived quality of recruiting process is found to be significantly associated to distributor satisfaction. The recruitment in this study is referring to two different contexts where a distributor is as an up-line of a distributor; and also as a down-line of his up-line. The approach are where an up-line recruiting the downline; and the perception of down-line who was approached by the up-line distributor. It is also concerning on methods used during the process of recruiting. Delgado (2000) study suggested that the pre-interview is necessary to identify a best suitable position to the prospect, according to their skills and potential. The up-line must be trained well to uncover the potential and ability of a down-line. Sometimes, for a start, a distributor might try to recruit someone who was closed to him to ease the awkwardness (Koroth et al., 2012). Distributor has seen the recruiting process to be very important to excel in the business. Therefore, the higher the perceived quality of recruiting process, the higher the distributor satisfaction is.

H4 There is a significant association between up-line support and distributor satisfaction in multi-level marketing company.

The support of up-line has shown a significant association with distributor satisfaction. This is in accordance with the result shown in Delgado (2000) report. In the report has suggested that the up-line should put in more effort concerning on down-line's affairs and performance. It concerned on the effort of up-line's competence in assisting down-line whenever they are in need. The greater support by up-line will result to a better satisfaction of distributor.

H5 There is a significant relationship between perception of products/services and distributor satisfaction in multi-level marketing company.

This study has found that the perception of product/service offered by the MLM company is significantly related to distributor satisfaction. This outcome is consistent with the result found in Osei et al. (2014)'s report. The questionnaire was concentrated on the satisfaction of distributor on the product/service information and the channel of customer service. The concern issues always come to the after-sale service and customer service problem-solving skill. Thus, if the MLM companies manage to optimize the company resources to provide best support service to distributor, it will gain the greater satisfaction among the distributors.

5.2 Implications

5.2.1 Method of Diffusing Business Opportunity

This study has confirmed that method of diffusing business opportunity is important to justify distributor satisfaction. Providing a pleasant first impression is always essential. It is also implied the first sales pitch to a prospect is extremely important. It is a critical point if the pitch is strong enough to attract to the prospect. The sales pitch also must carry the appropriate weight of the opportunity offered by the MLM companies.

Due to the illegal issues of the bad apple in the industry, some people might be skeptical when being approach to participate in MLM company. The issues from pyramid scheme and Ponzi scheme are remain unsolved. The exaggerated income claim and statement are the killing point that turned people away. High initial investment with promise of income return sounds not practical and suspicious. Distributor may need to be competent enough to equip with the appropriate information to cater the prospect queries. Most of the time, MLM company's background and credibility will be a selling point to gain trust from the public. The publicity and social responsibilities activities of the company will be a credited through media advocacy and word-of-mouth from public. Thus, distributor has to capitalize the company strength and convince the prospect on its current progress and future prospect. It will enhance the confidence level of the prospect.

Then, distributor may need to provide more relevant information on the company products/services as well as the profit plan. This will illustrated a better action plan to the distributor that the opportunity is concrete with supporting elements. A clear path on the rewarding system will lead the distributor to move towards the desire path. Distributor will feel more confident and the target will be seen achievable.

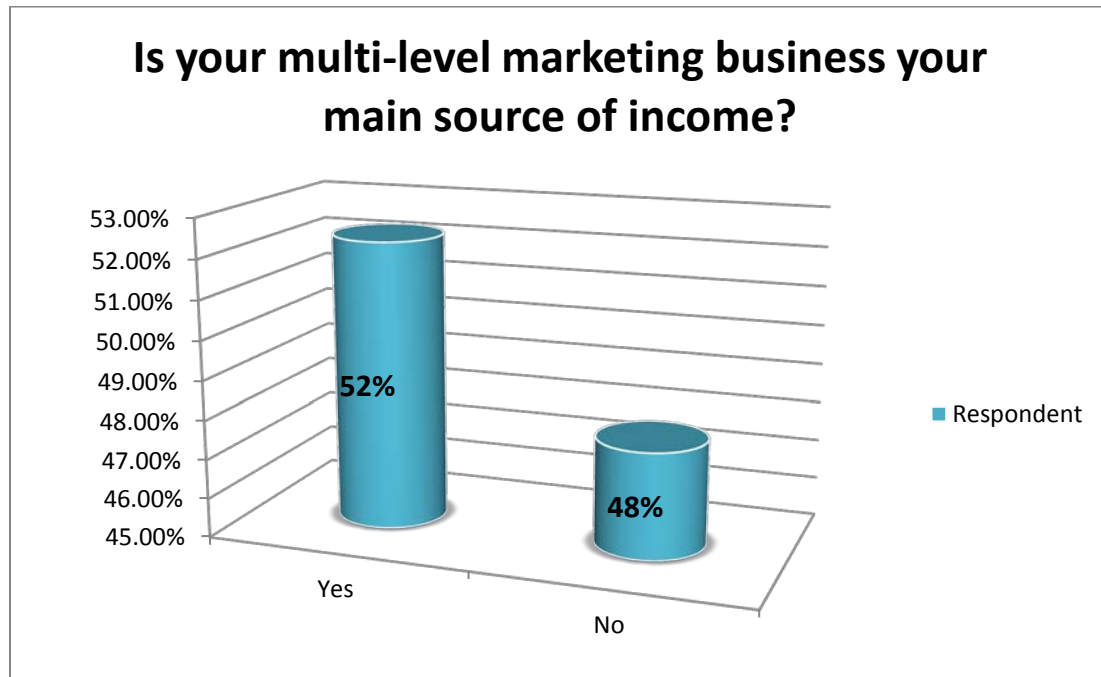
5.2.2 Perceived Quality of Training Program

It is always believed that training is very important in MLM company. It is a norm that distributor in MLM company has to attend as many training as possible to enhance their skills. A lot of distributor also feeling more convincing when there are motivation talks and knowledge based training are held. This is rather common perception in conventional MLM industry.

This research has found a non-significant relationship between perceived quality of training program and distributor satisfaction. It made to understand that, from this set of research shown that the quality of training program was not perceived as a determinant of distributor satisfaction. The main reason might be due to about half of the respondents who are not depending on MLM income for a living. Although 52% of the respondent's income is mainly derived from MLM business, but the other 48% of respondents is having other source of income. Even there are more people is depending on MLM income, but it doesn't mean that they do not have other supplementary income. Some might invest in share, properties and other business for retain the money value. Therefore, they might not have time to attend the training program. Even worst if they might consider attending training is exhausted as they might have other commitment. Although many MLM companies are tend to conduct training during weekend but it may also affect the family-day for some individual.

As a conclusion, distributor will not feel dissatisfied if the training program is not well organized by the company. It is implied that the quality of the training program does not justify the satisfaction of the distributor. Despite on the non-significant relationship, it did not imply that the training program is not important. MLM company still required to have relevant training to transmit the information and provide relevant training to distributor.

Figure 5: Is your multi-level marketing business your main source of income?



Apart from that, some distributor might be attracted by the product/service of a MLM. Due to the variety and uniqueness of the product/service, distributor might purchase it even before prior knowledge on the product (Kustin & Jones, 1995). As mentioned earlier, word-of-mouth is the most effective tool to promote product (Delgado, 2000). Thus, individual who might be recommended by other people on the efficacy of the product might not keen to attend the training. The casual sharing or home party in any unplanned occasion may help the distributor in selling or recruiting. It might eliminate the feeling of distrust. The outcome might be more encouraging compare to persuading the prospect to attend the formal training.

5.2.3 Perceived Quality of Recruiting Process

The result showed that the perceived quality of recruiting process is significantly associated with distributor satisfaction. The attitude of the distributor when sharing the business opportunity is very important. Prospect might be turned away if they

have negative impression of the distributor. Some overzealous behavior is likely to conduct such a mistake. Therefore, the art of speech and interpersonal skill are important in this context.

Also, most of the beginner in MLM industry will start the business sharing with the acquaintances. The one who closes to the individual will always tolerate on the little mistake he made. Table has showed that there were more than 50% of the respondents were approached by friend, relative as well as co-worker or business associate. The distributor might feel more comfortable and reliable when the opportunity sharing was done by the acquaintances. Normally, people will feel uneasy and doubtful when a stranger is trying to convince them over a “unbelievable” opportunity. It will sounds like a scam or threat.

Table 26: How did a distributor got interested in the most recent multi-level marketing business participation?

Method of Approach	Frequency	%
a) by reading an ad in a printed publication	9	4.2
b) through social media (e.g. Facebook, Instagram, LinkedIn)	36	16.7
c) friend or a relative talked to me about this business opportunity	108	50.0
d) a co-worker explained this business opportunity to me	21	9.7
e) a business associate talked to me about this business opportunity	34	15.7
f) Other	8	3.7
Total	216	100.0

5.2.4 Up-line Support

Up-line support is also significant associated to distributor satisfaction. There are many MLM companies are competing each other to capture the market share. Company, as an up-line to all distributors is responsible to develop the business with a profitable plan and structured system. Company's management team, as representative, should take full responsible to guide and support the distributors in building up the business. Distributors, as the spokesperson of the company, as an up-line to their down-lines should be able to deliver the appropriate message that help to grow their team. With the given resources from the company, up-line should be able to manage their own teams (network). Up-line has to ensure that down-line will duplicate the system to the rest of the people in the network.

As an up-line, be it direct or few levels up, he is responsible to the down-line affairs. Apparently, up-line reward is paid by the overriding on the down-line recruitment and performance. Therefore, the support and guidance are required to be handed to down-line whenever necessary. It is better to regard this as a team work. Everyone in the same network should work closely in order to grow bigger and larger. The network in a MLM business environment is believed to be a number game. The more people in the network, it implied that the greater strength of the business growth. If everyone in the network is duplicating the system, *ceteris paribus*, the network will grow bigger and everyone in the system will be mutually benefitted. If distributors are paid well, the ties between up-line and down-line will be stronger. Otherwise, the MLM dropout will have to suffer from the irresponsible up-line's conduct.

Some of the distributors will customize their trainings which are designed specifically for their own network. It will always help to create stronger ties within their networks. If there any issues arise, the leader in the network will represent the group to discuss with company. The atmosphere is more harmony and things will be solve within the manageable condition.

5.2.5 Perception of Product/Service

In this study, there is a significant relationship between perception of product/service and distributor satisfaction. It is always a mission for MLM company to develop a product which “can speak” for its company. Majority of the products in MLM company is not available in the mass market. This is the competitive advantage of a MLM company. Even if the similar product is available, MLM company will offer the particular product with additional incentive or so. The company will also reward the distributor who managed to convince customer to purchase the product. This type of bold innovation is hardly found in retail industry. Retail industry is always promoting the products through expensive channel like television, newspaper, magazine and so on. Due to expensive air time and advertisement space, the structure or the message should be in short and simple which is easy to understand by the target customer. Unlike the retail sector, in MLM business, the distributor is the core ‘channel’ of information dissemination. Interpersonal communication is the method which distributor always used to convince and educate the prospect. Although it might not reach a lot of target at a time, but each communication take place will be a quality one with greater return.

MLM company always develop wholesome unique features products. These products are not commonly found in anywhere. Market is always demand for something which has unique features, high quality, efficacy of improvement/enhancement and innovative. This is how a product managed to speak for the company. Even if the company is selling a service, the creative service might also create a great discussion among the people in the industry. For instance, the product and service which introduced by Hil Davis – customized shirt with your personal consultant. It could hardly found in any retail market. At the same time, as a supplementary to it, the reward system will give away incentives and bonuses for those who sell it. Hence, the perception of the product/service is very important to determine the distributor satisfaction.

5.2.6 Distributor Monthly Income

The result showed that the higher the income of the distributor, the greater the satisfaction of the distributor. Apparently, income is one of the tools to lure the distributor to join the MLM company. It is also a suction to retain the distributor in the company. Thus, company required to review and concern on the performance of the distributor. The distributor may leave if they are not making a living in the company. Sometimes, some companies might set target to distributor and as a return the achiever will be rewarded something extra from the regular incentive. For instance, quarterly incentive trip, car fund, house fund and so on.

5.2.7 Preferred Method of Approach

The result indicates through the one-way ANOVA between method of approach and distributor satisfaction is not significant. The method of approach is referring to the method of individual being approached through friends, relatives, co-workers, business associates, social media and so on. The result is in accordance with the result shown in Delgado (2000) study. The method of approach has not made any impact to the distributor satisfaction. This finding implied that the initial approach of the business opportunity does not give a lot of bad impact to the prospect. There are some other factors that may encourage the prospects to join and fulfil the desire outcome. Even if the distributor unable to convince the prospect to join, he may seek for up-line support to tie-up the sales pitch.

5.3 Limitations of Study

The convenience sampling method in this study does not actually represent the MLM industry. It was using non-probability sampling, where not everyone in the population has a chance to be selected in the sample. This questionnaire was disseminated through leaders from a specific multi-level marketing company. Therefore, it is believed that majority of the respondents might prone to the same company.

This study has focused to the five factors: methods of diffusing business opportunity, perceived quality of recruiting process, perceived quality of training program, up-line support and perception on products/services. However, there are some relevant factors which has discussed in other literature reviews. In Koe et al. (2011) study, a few factors discussed which was not covered in this study: reward scheme, company image and agent attributes. Although up-line support was studied, however, it's not all rounded. The study discussed the attribute of the distributor in terms of the attitude, confidence, enthusiasm, and ethic.

MLM industry has been involving in scam and ethical issues, thus, the company image is part of the concern for the distributor. The credibility is one of the factors that promote the satisfaction of the distributor. As well as the reward scheme, might be another attraction to distributor of retention in a company. If the distributor do not able to benefit from the reward scheme, it is merely meaningless to remain in the same company. Therefore, these are also part of the influence factor that might contribute to the satisfaction of distributor which did not discuss in this study.

5.4 Recommendations for Future Research

Malaysia is a multi-ethnic and multi-cultural country. Different group of people perceived differently on certain factors that discussed in this study. For example Malay, Chinese and Indian, each of the race might perceived differently on the determinants of distributor satisfaction. Each of the race might desire differently base on their believe in their respective religions. Thus, it might be an alternative to understand further on the distinguish factors that affect them.

Besides, there are two more demographic areas that would be meaningful to explore further. The age of the respondents might response differently too, especially youngster and retiree. The market is now discussing about entrepreneur who success in the business. There are books and references which guiding young generation to involve in building own business to have financial freedom. A fixed income from a full-time white collar job is not what the youngster looking forward now. Therefore, how much is a MLM company able to promise to the youngster is remained a topic to explore.

Another concern is the retiree in Malaysia. As the age of retirement is further adjusted as a result of the retirement fund is believed that no longer sufficient to cater the inflation. According to the statistic from The World Bank (2015), the average life expectancy in Malaysia is increased 75 years old in 2013. The life span is increasing yearly with an upward direction. It is indeed good news. Therefore, MLM company should open up this opportunity to retiree, not only for income purpose, but also an activity for the elderly to stay connected to the society.

Lastly, the MLM industry is entering the e-commerce era now. Some of the MLM companies are the improving the platform from physical distribution to online transaction. They allowed members to purchase and to recruit through online. Some even allowed cross-border recruitment, which has created a borderless network growth. It gives greater opportunity to distributor to capitalize the unlimited

opportunity to gain profit. E-commerce is a trend for every business that we can name it now. Thus, the online platform is becoming essential for MLM companies. Another interesting topic would be to discuss and understand about distributors responses on online platform.

5.5 Conclusions

This study has assessed the five factors that determine the distributor satisfaction in multi-level marketing companies. Among the five factors, only one factor was found that has no significant relationship with distributor satisfaction. Perceived quality of training program showed that there is no significant relationship with the dependent variable. Method of diffusing business opportunity, perceived quality of recruiting process, up-line support and perception on products/services are having positively significant association with distributor satisfaction.

In view of that, MLM company should capitalize the indication here to improve the respective area wherever necessary. First of all, company should focus on product development. Distributor usually started up a topic with using product, be it a product sharing or testimony. It is hardly that distributor will start the sales pitch by introducing the reward scheme/profit plan. This is to avoid frighten off the prospect with unnecessary image. Therefore, sourcing and developing product in MLM company are rather important. It is a tool to pull the crowd and retain the consumer in the company.

Besides, company should actively provide the information update and training to enhance distributor's competitiveness. A competent distributor will be a role model to his down-line. The tactic and skill of recruitment, business opportunity sharing and support down-line are powerful method to excel in this industry. All distributors are

encouraged to duplicate the system to their down-lines in order to enjoy the constant financial freedom.

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APPENDIX A

Survey Questionnaire (English)

Dear all,

Good day,

I am a postgraduate candidate of Master of Business Administration at Universiti Tunku Abdul Rahman (UTAR) who currently conducting my research project as a part of the requirement to complete my master degree program. The aim of this research project is to identify the **determinants of distributor satisfaction in multi-level marketing companies in Malaysia.**

Your cooperation and support is needed to complete the questionnaire, which takes about 10 minutes. Neither your personal information nor personal identity will be revealed. Your participation will be anonymous and all the information will be kept confidential and for academic purposes only.

If you have any questions or would like to have further information regarding this research study, please do not hesitate to reach me at the contact given below.

Thank you once again for your precious time and assistance.

Yours faithfully,

Joanne Loi

-
1. How did you get interested in your most recent multi-level marketing business participation?
 - a. by reading an ad in a printed publication
 - b. through social media (e.g. Facebook, Instagram, LinkedIn)
 - c. friend or a relative talked to me about this business opportunity
 - d. a co-worker explained this business opportunity to me
 - e. a business associate talked to me about this business opportunity
 - f. Others

 2. If contacted by a person, how were you initially approached?
 - a. by telephone
 - b. by e-mail/letter
 - c. through social media (e.g. chatroom, private message)
 - d. in person
 - e. Others

 3. Did you sign up as a participant in the multi-level marketing program before attending the first meeting?
 - a. yes
 - b. no

 4. What was the key element of the program that most interested you before signing with your current multi-level marketing company?
 - a. the amount of money that can be made (financial independence)
 - b. the relative easy way of making money
 - c. the flexibility of the working hours
 - d. the testimony of other successful participants
 - e. other, specify: _____

For questions 5 through question 32 please circle the number that comes closest to reflecting your opinion.

1 = Strongly Agree
2 = Agree
3 = Neutral
4 = Disagree
5 = Strongly Disagree

No	Description	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5.	I felt comfortable the way the person who originally talked to me about this multi-level marketing business.	1	2	3	4	5
6.	I did not feel any pressure from the person who originally talked to me about this multi-level marketing business.	1	2	3	4	5
7.	I was provided with the relevant information about the business opportunity before signing up as a participant.	1	2	3	4	5
8.	I feel very good about recruiting friends, relatives, neighbours, and co-workers.	1	2	3	4	5
9.	It has been real good with me recruiting friends, relatives, neighbours, and co-workers.	1	2	3	4	5

No	Description	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
10.	I feel that I have received the necessary amount of training in this multi-level marketing company.	1	2	3	4	5
11.	In general, I rate as very good the last multi-level marketing training that I received.	1	2	3	4	5
12.	In general, I rate as very good the learning environment in the last training that I received.	1	2	3	4	5
13.	I think the training has helped me to achieve success as a distributor in multi-level marketing.	1	2	3	4	5
14.	I was very well motivated during the training session.	1	2	3	4	5
15.	In my opinion, the instructors were well prepared for the training.	1	2	3	4	5
16.	I think the training addressed the important issues related to my job as a distributor in multi-level marketing.	1	2	3	4	5
17.	In my opinion, the existing rules and procedures of this multi-level marketing make the distributor job easier.	1	2	3	4	5
18.	There is a good opportunity for advancement in this multi-level marketing organization.	1	2	3	4	5

No	Description	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
19.	I am satisfied with the opportunity for advancement in this multi-level marketing business.	1	2	3	4	5
20.	I think that my up-line is competent in the job he/she is doing.	1	2	3	4	5
21.	In my opinion, my up-line is always in the best disposition of helping his/her down-line	1	2	3	4	5
22.	My up-line always shows interest in the concerns and needs of his/her down-line.	1	2	3	4	5
23.	This multi-level marketing company always shows interest in the concerns and needs of the distributors.	1	2	3	4	5
24.	I feel a sense of pride in doing my job as a distributor of multi-level marketing.	1	2	3	4	5
25.	I feel my job as a multi-level marketing distributor is enjoyable.	1	2	3	4	5
26.	I feel my job as a multi-level marketing distributor is meaningful.	1	2	3	4	5
27.	I rate my current multi-level marketing business opportunity as very good.	1	2	3	4	5

	Description	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
28.	This Company has a channel for consumer feedback and respond.	1	2	3	4	5
29.	This Company is able to provide the complete information on its product/service.	1	2	3	4	5
30.	The Company provides a speedy response to your feedback/complaints.	1	2	3	4	5
31.	This Company has provided product/service with complete label and content.	1	2	3	4	5
32.	The product/service from the Company is very attractive.	1	2	3	4	5

33. What industry does your company operate in? (can tick more than one)

- Wellness (dietary, nutrition supplements)
- Beauty (cosmetics)
- Household appliances
- Financial and insurance services
- Telecommunication
- Others: _____

34. Is your multi-level marketing business your main source of income?

- a. yes
- b. no

-
35. What is your relative income (your MLM income divided by your total income) from your multi-level marketing business?
- between 0% to 20%
 - between 21 % to 40%
 - between 41 % to 60%
 - between 61 % to 80%
 - over 80%
36. What is your monthly income from the current multi-level marketing business?
- RM 500 or below
 - between RM 501 and RM 1,000
 - between RM 1,001 and RM 5,000
 - between RM 5,001 and RM 10,000
 - Above RM 10,000
37. How many years in total have you been with multi-level marketing companies?
- less than 1 year
 - between 1 and 3 years
 - between 3 and 5 years
 - between 5 years and 10 years
 - over 10 years
38. For how many years have you been involved as a participant with the current multi-level marketing company?
- less than 1 year
 - between 1 and 3 years
 - between 3 and 5 years
 - between 5 and 10 years
 - over 10 year

Personal Particular

Gender: Male Female

Marital Status: Single Married Divorced Widowed

Age: 18 – 20 years old 21 – 25 years old 26 – 30 years old

31 – 35 years old 36 – 40 years old 41 – 50 years old

51 – 60 years old 61 years old and above

Education: Primary Secondary/Vocational Undergraduate

Graduate Professional Degree Other

APPENDIX B

Survey Questionnaire (Malay)

1. Bagaimana syarikat pemasaran pelbagai aras yang anda sertai kebelakangan ini dapat menarik minat anda?
 - a. melalui iklan di dalam publikasi cetakan
 - b. melalui media sosial (seperti Facebook, Instagram, LinkedIn)
 - c. perkongsian peluang perniagaan daripada kawan atau saudara mara
 - d. penerangan peluang perniagaan daripada rakan sekerja
 - e. penerangan peluang perniagaan daripada rakan perniagaan
 - f. lain-lain

2. Jika anda adalah dihubungi oleh seseorang, apa kaedah yang dia gunakan untuk mengenali anda?
 - a. melalui telefon
 - b. melalui emel/surat
 - c. melalui media sosial (contohnya bilik bual, mesej peribadi)
 - d. secara peribadi
 - e. lain-lain

3. Adakah anda telah menyertai program daripada syarikat pemasaran pelbagai aras tersebut sebelum anda menghadiri mesyuarat pertama?
 - a. ya
 - b. tidak

-
4. Apakah elemen utama program yang telah menarik minat anda sebelum anda menyertai syarikat pemasaran pelbagai aras tersebut?
- amaun keuntungan yang dapat dijanakan (kebebasan kewangan)
 - cara yang mudah untuk mendapat keuntungan
 - masa kerja yang fleksibel
 - testimoni kerjayaan daripada peserta lain
 - Lain-lain, sila nyatakan: _____

Dari soalan nombor 5 ke 32, sila pilihkan jawapan yang terdekat dengan pandangan anda.

- | |
|---|
| <p>1 = Amat Bersetuju</p> <p>2 = Bersetuju</p> <p>3 = Neutral</p> <p>4 = Tidak Bersetuju</p> <p>5 = Amat Tidak Bersetuju</p> |
|---|

No	Penerangan	Amat Bersetuju	Bersetuju	Neutral	Tidak Bersetuju	Amat Tidak Bersetuju
5.	Saya berasa senang hati dengan cara yang digunakan oleh orang pertama yang memberitahu saya mengenai perniagaan syarikat pemasaran pelbagai aras.	1	2	3	4	5
6.	Saya tidak terasa tekanan dengan orang pertama yang memberitahu saya mengenai syarikat pemasaran pelbagai aras.	1	2	3	4	5
7.	Sebelum menyertai peluang perniagaan ini, saya telah diberi segala informasi yang berkenaan.	1	2	3	4	5

No	Penerangan	Amat Bersetuju	Bersetuju	Neutral	Tidak Bersetuju	Amat Tidak Bersetuju
8.	Saya rasa seronok dengan menaja rakan-rakan, saudara mara, jiran dan rakan sekerja.	1	2	3	4	5
9.	Saya selalu berasa seronok dengan menaja rakan-rakan, saudara mara, jiran dan rakan sekerja.	1	2	3	4	5
10.	Saya rasa saya telah menerima kursus latihan yang mencukupi di dalam syarikat pemasaran pelbagai aras ini.	1	2	3	4	5
11.	Secara umum, saya memberikan penilaian tinggi terhadap syarikat pemasaran pelbagai aras yang saya sertai kebelakangan ini.	1	2	3	4	5
12.	Secara umum, saya memberikan penilaian amat baik terhadap suasana kursus latihan yang saya sertai kebelakangan ini.	1	2	3	4	5
13.	Saya berasa bahawa kursus latihan telah mendorong saya sebagai pengedar di pemasaran pelbagai aras untuk mencapai kejayaan,	1	2	3	4	5
14.	Saya mendapat motivasi yang tinggi dalam sesi kursus latihan.	1	2	3	4	5

No	Penerangan	Amat Bersetuju	Bersetuju	Neutral	Tidak Bersetuju	Amat Tidak Bersetuju
15.	Pada pandangan saya, jurulatih telah bersedia dengan sempurna untuk kursus latihan ini.	1	2	3	4	5
16.	Saya rasa kursus latihan ini telah memberi perhatian terhadap isu penting kepada saya sebagai seorang pengedar di pemasaran pelbagai aras.	1	2	3	4	5
17.	Pada pandangan saya, peraturan dan prosedur yang sedia ada pada pemasaran pelbagai aras ini dapat memudahkan kerja pengedar.	1	2	3	4	5
18.	Organisasi pemasaran pelbagai aras ini merupakan satu peluang baik untuk perkembangan.	1	2	3	4	5
19.	Saya rasa puas hati dengan peluang perkembangan yang terdapat pada perniagaan pemasaran pelbagai aras ini.	1	2	3	4	5
20.	Saya rasa upline saya memang berwibawa dalam kerjaya yang dia kerjakan.	1	2	3	4	5
21.	Pada pandangan saya, upline saya selalu bercenderung untuk menolong downline dia.	1	2	3	4	5
22.	Upline saya selalu memberi perhatian dan mementingkan keperluan downline dia.	1	2	3	4	5

No	Penerangan	Amat Bersetuju	Bersetuju	Neutral	Tidak Bersetuju	Amat Tidak Bersetuju
23.	Syarikat pemasaran pelbagai aras ini selalu memberi perhatian dan mementingkan keperluan penganalisisnya.	1	2	3	4	5
24.	Saya berasa bangga kerana telah menjadi seorang penganalisis di pemasaran pelbagai aras.	1	2	3	4	5
25.	Saya rasa perkerjaan saya sebagai penganalisis pemasaran pelbagai aras amat menyeronokkan.	1	2	3	4	5
26.	Saya rasa perkerjaan saya sebagai penganalisis pemasaran pelbagai aras penuh memang bermakna.	1	2	3	4	5
27.	Saya menilai peluang perniagaan di syarikat pemasaran pelbagai aras ini adalah amat bagus.	1	2	3	4	5
28.	Syarikat ini telah menyediakan saluran untuk menerima maklum balas daripada pengguna.	1	2	3	4	5
29.	Syarikat ini dapat memberikan informasi product/servis yang lengkap.	1	2	3	4	5
30.	Syarikat ini dapat membalas maklum balas/aduan dengan cepat.	1	2	3	4	5

No	Penerangan	Amat Bersetuju	Bersetuju	Neutral	Tidak Bersetuju	Amat Tidak Bersetuju
31.	Produk/servis daripada syarikat ini mempunyai informasi label dan kandungan yang lengkap.	1	2	3	4	5
32.	Produk/servis daripada syarikat ini amat menarik.	1	2	3	4	5

39. Apakah industri yang syarikat anda beroperasi dalam? (boleh memilih lebih daripada satu)

- Kesihatan (permakanan diet, nutrisi tambahan)
- Kecantikan (kosmetik)
- Peralatan rumah
- Kewangan dan perkhidmatan insurans
- Telekomunikasi
- Lain-lain _____

40. Adakah perniagaan pemasaran pelbagai aras anda merupakan sumber pendapatan utama anda?

- a. ya
- b. tidak

41. Berapakah pendapatan relatif anda dalam pemasaran pelbagai aras? (pendapatan di pemasaran pelbagai aras dibahagikan dengan jumlah pendapatan anda)

- a. antara 0% hingga 20%
- b. antara 21 % hingga 40%
- c. antara 41 % hingga 60%
- d. antara 61 % hingga 80%
- e. melebihi 80%

-
42. Berapakah pendapatan bulanan anda daripada perniagaan pemasaran pelbagai aras ini?
- a. RM 500 atau kurang
 - b. antara RM 501 dan RM 1,000
 - c. antara RM 1,001 dan RM 5,000
 - d. antara RM 5,001 dan RM 10,000
 - e. melebihi RM 10,000
43. Selama ini, jumlah berapa tahunkah anda telah menyertai syarikat-syarikat pemasaran pelbagai aras?
- a. kurang daripada 1 tahun
 - b. antara 1 dan 3 tahun
 - c. antara 3 dan 5 tahun
 - d. antara 5 dan 10 tahun
 - e. melebihi 10 tahun
44. Berapa tahunkah anda telah menyertai syarikat pemasaran pelbagai aras ini?
- a. kurang daripada 1 tahun
 - b. antara 1 dan 3 tahun
 - c. antara 3 dan 5 tahun
 - d. antara 5 dan 10 tahun
 - e. melebihi 10 tahun

Informasi Peribadi

Jantina: Lelaki Perempuan

Status Perkahwinan: Bujang Kahwin Bercerai

Balu/Janda/Duda

Umur: 18 – 20 tahun 21 – 25 tahun 26 – 30 tahun
 31 – 35 tahun 36 – 40 tahun 41 – 50 tahun
 51 – 60 tahun 61 tahun dan ke atas

Pendidikan: Sekolah Rendah Sekolah Menengah/Vokasional
 Sarjana Muda Siswazah
 Ijazah Profesional Lain-lain

APPENDIX C

Survey Questionnaire (Chinese)

1. 您最近加入的多层次传销公司通过什么管道吸引您？
 - a. 阅读刊登在印刷资料上的广告
 - b. 透过社交媒体（如面书，图享- instagram，领英 - LinkedIn）
 - c. 通过家人或朋友分享此商机
 - d. 通过同事分享此商机
 - e. 通过商业伙伴分享此商机
 - f. 其他

2. 某人首先是通过什么管道去联系您或与您接洽？
 - a. 电话
 - b. 电邮/信件
 - c. 社交媒体（如聊天室，私人信息）
 - d. 亲自会面
 - e. 其他

3. 您是否在参加多层次传销公司第一次的会议前已经报名注册了？
 - a. 是
 - b. 否

4. 您在加入目前的传销公司前是对计划中的那个要点感兴趣？

- a. 所能赚取可观的数目（财务自由）
- b. 通过简易的方式赚取金钱
- c. 自由的工作时间
- d. 其他参与者的成功分享
- e. 其他，请注明：_____

第 5至32 道题，请选择最接近您意见的答案。

- 1 = 非常同意
2 = 同意
3 = 中立
4 = 不同意
5 = 非常不同意

项	说明	非常同意	同意	中立	不同意	非常不同意
5.	我对原来和我分享这传销生意的人之方式感觉自在。	1	2	3	4	5
6.	我不会对原来和我分享这传销生意的人感到压力。	1	2	3	4	5
7.	在未注册成为会员前，我已获得供给相关商机的资料。	1	2	3	4	5
8.	我觉得招募朋友、亲戚、邻居和同事非常好。	1	2	3	4	5
9.	我一直觉得招募朋友、亲戚、邻居和同事的感觉非常良好。	1	2	3	4	5

项	说明	非常同意	同意	中立	不同意	非常不同意
10.	我觉得我已从这间传销公司得到必要的训练。	1	2	3	4	5
11.	整体来说，我对我最近参与的传销公司的训练之评价非常良好。	1	2	3	4	5
12.	整体来说，我对我最近参与训练的学习环境之评价非常良好。	1	2	3	4	5
13.	我觉得此训练能够帮助我成为一位成功的传销商。	1	2	3	4	5
14.	在训练的过程中，我感到非常激励。	1	2	3	4	5
15.	我觉得讲师的训练前准备非常充足。	1	2	3	4	5
16.	我觉得此训练有讨论关于成为传销商的重要事项。	1	2	3	4	5
17.	我觉得，这传销公司目前的规则和程序能简化传销商的工作。	1	2	3	4	5
18.	这间传销公司能提供良好的商机平台。	1	2	3	4	5
19.	我非常满意这间传销生意所带来的良好商机。	1	2	3	4	5
20.	我觉得我的上线能胜任他的工作。	1	2	3	4	5
21.	我觉得，我的上线性格良好，时常帮助他的下线。	1	2	3	4	5

项	说明	非常同意	同意	中立	不同意	非常不同意
22.	我的上线时常关心下线的问题和需要。	1	2	3	4	5
23.	这间多层次传销公司时常关心传销商的问题和需要。	1	2	3	4	5
24.	我对成为传销商这职业感到自豪。	1	2	3	4	5
25.	我非常享受成为传销商。	1	2	3	4	5
26.	我觉得成为传销商这职业非常有意义。	1	2	3	4	5
27.	我对目前这传销商机的评价很好。	1	2	3	4	5
28.	此公司提供让消费者意见反馈和回应的管道。	1	2	3	4	5
29.	此公司能够提供产品/服务的完整资料。	1	2	3	4	5
30.	此公司能对意见反馈/投诉作出快速的回应。	1	2	3	4	5
31.	此公司为产品/服务提供完整的标签和内容。	1	2	3	4	5
32.	此公司推出的产品/服务非常吸引。	1	2	3	4	5

45. 您的公司是经营哪个行业？（可多过一个选项）

- 保健（养生膳食，保健食品）
- 美容产品（化妆品）
- 家用电器
- 电信产品
- 金融和保险服务
- 其他： _____

46. 您的传销生意是否是您主要的收入来源？

- a. 是
- b. 否

47. 您的传销生意的相对收入是多少？（即您的传销生意的收入除以您的总收入）

- a. 0% 至20%之间
- b. 21 %至40%之间
- c. 41 %至60%之间
- d. 61 %至80%之间
- e. 80%以上

48. 您目前所参与的传销生意的月收入是多少？

- a. RM 500 或以下
- b. RM 501和RM 1,000之间
- c. RM 1,001 和 RM 5,000之间
- d. RM 5,001 和 RM 10,000之间
- e. RM 10,000 以上

49. 您在传销行业已经多久了？

- a. 少于1年
- b. 1年和3年之间
- c. 3年和5年之间
- d. 5年和10年之间
- e. 10年以上

50. 您加入目前这家传销公司已经多少年了？

- a. 少于1年
- b. 1年和3年之间
- c. 3年和5年之间
- d. 5年和10年之间
- e. 10年以上

个人资料

- 性别： 男 女
- 婚姻状况： 单身 已婚 离婚 丧偶
- 年龄： 18 - 20 岁 21 - 25 岁 26 - 30 岁
 31 - 35 岁 36 - 40 岁 41 - 50 岁
 51 - 60 岁 61 岁和以上
- 教育程度： 小学 中学/技术 大学本科
 硕士 专业学位 其他