



DISTRIBUTORS' JOB SATISFACTION IN MULTI-LEVEL MARKETING

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Examiner: Junior Researcher Amanda Piepponen

ABSTRACT

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This thesis aims to examine how distributors' job satisfaction is built in multi-level marketing according to distributors' own experiences. The aim of this thesis is to reveal the factors, which make multi-level marketing into attractive business from the point of view of job satisfaction, although it faces various issues due to the connections with pyramid schemes.

This study is conducted as qualitative research and analyzed with qualitative content analysis. The analyzed data is collected from four semi-structured interviews held for distributors with various backgrounds. They represent three different international multi-level marketing organizations working in wellness and beauty industry.

The results show that products are the key factor which is experienced to build distributors' job satisfaction. Compensation system as well as recruitment and training are also seen to build job satisfaction. The ethicality and reliability of represented organization was seen to build satisfaction, which was a new addition to previous research. The significance of relationships varies more between distributors, and it depends on their own characteristics. Multi-level marketing as a business opportunity was not seen as significant factor building distributors job satisfaction, since it was a part-time job most of the time for all of them.

TIIVISTELMÄ

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Jälleenmyyjien työtyytyväisyys monitasomarkkinoinnissa

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Tämän kandidaatintyön tarkoituksena on tutkia, kuinka jälleenmyyjien työtyytyväisyys rakentuu monitasomarkkinoinnissa jälleenmyyjien omien kokemusten perusteella. Tarkoituksena on selvittää, mitkä tekijät tekevät monitasomarkkinoinnista houkuttelevan liiketoiminnan työtyytyväisyyden näkökulmasta, vaikka ala kohtaa erinäisiä ongelmia johtuen sen yhteyksistä pyramidihuijauksiin.

Tämä työ on toteutettu laadullisena tutkimuksena ja analysoitu laadullisen sisällönanalyysin avulla. Analysoitu aineisto on kerätty neljän puolistrukturoidun haastattelun avulla, jotka pidettiin erilaisista taustoista tuleville jälleenmyyjille. He edustavat kolmea kansainvälistä monitasomarkkinointiyritystä, jotka toimivat hyvinvointi- ja kauneusalalla.

Tulokset osoittavat, että tuotteet ovat päätekijä, jonka on koettu rakentavan jälleenmyyjien työtyytyväisyyttä. Kompensaatiojärjestelmän sekä rekrytoinnin ja koulutuksen nähdään myös rakentavan työtyytyväisyyttä. Edustetun yrityksen eettisyyden ja luotettavuuden nähdään vaikuttaneen työtyytyväisyyteen, joka oli uusi lisäys myös aikaisempaan tutkimukseen. Suhteiden merkitys vaihtelee jälleenmyyjien välillä ja se riippuu heidän omista luonteenpiirteistään. Monitasomarkkinoinnin liiketoimintamahdollisuutta ei nähty merkittävänä tekijänä työtyytyväisyyden rakentamisessa, sillä työ oli suurimmilta osin jälleenmyyjille osa-aikaista.

LIST OF ABBREVIATIONS

MLM Multi-Level Marketing

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1 Introduction

Joining a multi-level marketing company is a tempting way to earn money in a modern world where digital working environment, location independence and flexible entrepreneurship-like employment are highly valued (Hannonen 2020). Multi-level marketing (MLM) is a form of direct selling which means that an independent distributor sells a product straight to the end-customer while working anywhere without a specific location. MLM is considered one of the increasingly thriving business models. (Koehn 2001) What is typical for a MLM company is that the distributors are intended to recruit, educate, and supervise new distributors under them to form a downline. As well as earning money from their own sales, distributors get compensation from the sales of their downline distributors. This encourages new distributors to gather up their own downlines and so forth. Therefore, the whole MLM phenomenon forms a structure resembling a pyramid. (Groß & Vriens 2019)

Since MLM utilizes a defined pyramid structure, researchers have noticed similarities in the structures of MLM organizations and pyramid schemes (Keep & Vander Nat 2002). Pyramid schemes operate similarly to MLM although they require investment to be able to recruit distributors instead of focusing on selling the product. When the product is no longer relevant and the recruitment is the main source of revenue, the operations are unethical as well as considered illegal. MLM faces multiple ethical problems since MLM businesses and pyramid schemes are often difficult to differentiate from each other. Product-centricity is one of the factors which differentiates MLM businesses from recruitment-centric pyramid schemes. However, it is not uncommon for MLM businesses to fall into recruitment-centricity. High upfront fees and selling products to family and friends are also considered as ethical issues. (Koehn 2001)

Even though MLM faces ethical issues and accusations, over 100 million people around the world were part of a MLM industry in 2015 with a retail turnover of almost 200 billion US Dollars (Groß & Vriens 2019). The field is seen to be attractive among new distributors (Groß & Vriens 2019) and young people do see MLM as an attractive career choice and a way of earning spare income due to increasing costs of living (Koe Hwee Nga & Wai Mun 2011). MLM businesses generally have certain promises which they promote to new possible distributors. These promises are often marketed as a balance between work and family life,

financial freedom, strong social community, and female empowerment. (Wrenn & Waller 2021)

It is difficult to form a successful MLM business where distributors feel satisfied with their job since the pyramid structure leads to decreasing benefits when going down the pyramid (Koehn 2001). Job satisfaction is described as a pleasant feeling due to the characteristics of a job where an individual can fulfill their own job values (Lu, Lu, Allan, Gursoy & Neale 2016). It is vitally important for the business growth to ensure distributors' job satisfaction (Purcaru, Urdea, Constantin, & Brătucu 2022). Therefore, factors resulting in job satisfaction should be researched carefully especially in multi-level marketing industry, where job satisfaction could be more difficult to achieve due to the reputation of MLM. Negative reputation of MLM industry due to various ethical issues affect the job satisfaction of distributors negatively with increasing turnover rates. (Sparks & Schenk 2006)

The operative side of MLM has not been widely studied in economics. Reingewertz (2021) has studied multi-level marketing with an analytical framework to gain further understanding on its operations. The results show that working as MLM distributor might not be as pleasing business opportunity financially as it is promised. Scarcity of research on operative side could be the reason why MLM companies and pyramid schemes are often endangered to fall under the same category. The previous research concentrates on the ethical problems and legality of MLM business (Bosley & McKeage 2015; Groß, & Vriens 2019; Koehn 2001; Keep & Vander Nat 2014). It is stated that the issues such as recruitment centricity, upfront fees and inventory stocking are not easily labeled, solved, or differentiated between MLM and pyramid schemes (Koehn 2001; Keep & Vander Nat 2002). The employee satisfaction is commonly researched since its positive effects on company's operations but there are only few studies regarding distributors' job satisfaction especially in MLM (Wnuk 2017; Haar, Russo, Suñe & Ollier-Malaterre 2014).

Purcaru et al. (2022) show in their research how experiential marketing can be utilized to achieve distributor loyalty and satisfaction in MLM business. The study quantitatively presents that experiences building the satisfaction can be categorized into three groups and the increasing distributor satisfaction leads to recruiting others to create a downline. MLM distributors' satisfaction specifically in Malesia is also researched in an academic paper by Lee and Loi (2016). The factors affecting satisfaction are divided into six categories and analyzed with quantitative methods.

The number of people joining MLM businesses has increased exponentially in the era of social media (Wrenn & Waller 2021). In addition, MLM has recently been discussed in various social media channels and in the news. For instance, Finnish Broadcasting Company has published an article of a distributor who shares her experience working in MLM firm (Westergård & Gardberg 2022). Also, Finnish influencer Cheyenne Järvinen discusses the rules of MLM in an article published by Finnish newspaper Helsingin Sanomat (Sjöholm 2019). These news articles are evolved from the issues around MLM due to untruthful marketing and controversial reputation of MLM businesses (Westergård & Gardberg 2022; Sjöholm 2019). It is important to look at the experiences of MLM distributors in more detail due to the topicality and to find out what are the factors that lead to job satisfaction and the major popularity of the field. Have the distributors been experiencing effects on their job satisfaction due to ethical issues or is it just a bad reputation that MLM has achieved due to the links between a few illegal MLM businesses and pyramid schemes? This thesis will fill the gap in research with analysis of real-life experiences of MLM distributors' job satisfaction.

1.1 Research objective and question

The aim for this research is to discover how distributors' job satisfaction is built in MLM organization. The research aims to reveal which are the key factors building distributors' job satisfaction using their own experiences as a reference. The thesis concentrates on analysis from the viewpoint of distributors. The questionable reputation of MLM and its ethical problems are used as a context where the phenomenon of distributors' job satisfaction is placed. Distributors' job satisfaction is studied to understand the popularity of MLM businesses despite their reputation. The framework used to collect the data and analyze it is modified from previous research which is used as a tool of analysing if the findings differ from research done before and if this thesis comes up with any new factors.

This thesis will give understanding of how distributors experience the MLM company's aims of building distributors' job satisfaction despite the reputational complexity of the field. It is important to acknowledge the reputational challenges of MLM when discussing distributors' job satisfaction to understand the need for and importance of studying this topic. It is important to understand what the relation between job satisfaction and the poor reputation is

or are these two aspects even connected to each other. If this is not revealed, the reputation might affect the future of MLM business and its attractiveness. Therefore, to ease the understanding of the MLM and the importance of studying MLM distributors' job satisfaction, the ethicality of MLM is briefly discussed on chapter 2.3 Ethical problems of MLM and its connections to pyramid schemes. It will give a reader the needed background information. This thesis will add to previous research with its diverse analysis of distributors' own experiences. The topic will be studied with this research question:

Q: How distributors' job satisfaction is built in a multi-level marketing organization?

1.2 Key concepts

Multi-level marketing

Multi-level marketing is a form of marketing used by various direct selling companies, where as well as selling a certain product or service, distributors are awarded for recruiting new distributors. A commission is paid based on their own sales and their recruits' sales. (Reingewertz 2021)

Distributor

MLM companies have distributors instead of permanent employees. Distributors are individual contractors who have flexibility over their own working schedule. Since distributors are not considered as employees, they are paid according to their achievements rather than having a fixed salary. (Lee & Loi 2016)

Downline and upline

When a distributor recruits new distributors who recruit even more distributors, they form a downline for the original distributor. When the viewpoint is turned upside down, the upline is formed from the one who recruited distributors as well as the one who recruited the recruiter and so on. (Keep & Vander Nat 2014)

Job satisfaction

Job satisfaction is seen to be a key factor on whether the commitment towards a job is achieved. There is a different variation of elements which are seen to build a job satisfaction,

for instance support from the organization and supervisors as well as if the person sees themselves fitting for the job. Improving job satisfaction in a workplace can lead to increase in effectiveness and decrease in motivation to quit. (Wnuk 2017)

Pyramid scheme

Pyramid scheme is a type of a marketing fraud, where a business opportunity is presented incorrectly in marketing communications, or it does not truly exist. The attention from a sold product or service is drawn to recruiting new participants for the company instead. Therefore, they are considered fraudulent, unethical, and illegal. (Keep & Vander Nat 2002)

1.3 Research methods

Research question is studied with qualitative research methods. In qualitative research, the understanding of the research topic builds around the cultural and social context without standardized statistical testing (Eriksson & Kovalainen 2016, 4-5). Qualitative research methods were chosen to be utilized in this thesis due to the opportunity of achieving realistic, rich, and varied data from a social phenomenon called multi-level marketing. Due to the controversial characteristic of the field, the aim of this thesis could be achieved as realistic and truthful as possible while still presenting the findings on an easily understandable way when utilizing qualitative research methods. The qualitative research methods were also chosen to gain an answer to the research question by carefully listening the opinions and experiences of distributors and utilizing the complexity of them. (Saunders, Lewis & Thornhill 2016, 568)

The qualitative data is based on meanings which can be expressed through spoken and textual words. (Saunders et al. 2016, 569). The data for this study was collected from four semi-structured interviews held for people who are distributors in three different international MLM companies in wellness and beauty industry. This interview type was chosen to be able to create the broad outlines for the interview but still give participants a choice to include their own deliberation. It also eases the process of making the questions suitable for each situation. Interviews were held remotely either via online video calling platforms or by sending the interview questions to the participants via email depending on participants' different situations. Interviews were decided to hold remotely due to all

participants living in different locations. Preliminary interview structure utilized in all interviews can be found from Appendix 1. These semi-structural interviews are guided with outlines of the topic (Eriksson & Kovalainen 2016, 93). The themes for the interviews are adapted from previous research and they can be found from chapter 2.4 Theoretical framework on Figure 1. Categories are called *relationships*, *recruiting and training*, *product*, *business opportunity* and *compensation*. With these themes, the data from the interviews is used to reveal how the job satisfaction is built in MLM organization.

When the data is collected from the interviews via online video calling platform, the transcription is made, and personal details and company names are anonymized. The anonymization is also done for the emailed answers for interview questions which are already in a text form. The data is analyzed using qualitative content analysis. Characteristic for this analysis method is to concentrate on what is said and done and coding the data to find out similar patterns for how the case company is building distributors' job satisfaction (Eriksson & Kovalainen 2016, 119-120). The similarities are found by using deductive coding, where previous literature is utilized to form pre-defined codes which are assumed to be essential for achieving the aim of this thesis (Neale 2016). The codes utilized in the analyzation can be found also from Appendix 2 and they follow the similar pattern as the interview themes.

1.4 Delimitations of the research

The data for this research is collected from three different multi-level marketing companies all working in the wellness and beauty industry. The companies' and all the participants' details are anonymized, and the data will be based on the distributors' own experiences. Focusing on the distributors' viewpoint will give a wider understanding of how MLM companies' aims to achieve distributors' job satisfaction are experienced. The MLM company's viewpoint is therefore excluded from the analysis.

In some MLM companies, it is common to require distributors to buy products to stock and sell them forward to other distributors (Reingewertz 2021). Therefore, on many occasions, the distributor is also a customer. In this thesis, the sales representative working for MLM company is called a distributor. References used for this thesis have decided to call distributors with various terms. A term "distributor" was decided to use in this thesis due to

its commonness. Other terms such as “contractor” and “salesperson” were delimited. This detail will ease the reading process and understanding of this research topic.

The topic is studied from the point of view of job satisfaction. There are various other related terms, for instance work engagement and career adaptability which are connected to wellbeing at work in addition to job satisfaction (Lu et al. 2016). This choice was done since job satisfaction is mentioned various times in previous research and therefore it is a relevant research subject. Although these other terms are also relevant, they are left out to achieve more specific research results with the resources available.

There were few previous theories around job satisfaction among MLM distributors which are adapted and utilized in this thesis (Figure 1). The theoretical framework was chosen to include three key categories and two sub-categories due to their relevancy and commonness, and because they were all connected with distributors’ job satisfaction. Other relevant terms mentioned in previous literature such as MLM system and upline support were delimited because they will be included as a part of these existing factors and therefore do not need specific attention as their own categories. (Purcaru et al. 2022; Lee and Loi 2016; Groß. & Vriens 2019)

1.5 Structure of the research

After this introduction chapter, there will be a further literature review which starts with an introduction to MLM industry followed by more precise description of distributors’ job satisfaction in MLM organizations. After that, the reputation of MLM industry will be discussed through various legal and ethical problems described on previous research. The theoretical framework of this thesis is presented lastly. The next chapter contains the methodology which includes the description of data collection and data analysis with a justification of used qualitative research methods. Following the methodology comes the empirical section of the thesis: the findings from collected data are presented by categorizing them with their own codes. Final chapter includes discussion and conclusions where the findings will be analyzed, and the conclusions are made. In addition, the reliability and validity of the research is discussed, and possible further research topics are presented.

2 Literature review

This chapter will take a closer look at the topic by going through previous research. First, multi-level marketing and its operating principles are described in detail. This chapter will give a detailed look of the key terms and how they are connected to the topic. Following that, distributors' job satisfaction in MLM is presented concentrating on the elements which are used to build job satisfaction. After that, ethical issues in MLM and connections between MLM and pyramid schemes are described to give an understanding of the controversial reputation. At last, the theoretical framework of distributors' job satisfaction is explained thoroughly.

2.1 Multi-level marketing

In the early 1900s, MLM started developing from door-to-door salesmen. Before 1940 the majority of MLM distributors were men but after the 1940s, women took over. (Wrenn 2022) MLM is a legal form of direct selling which refers to person-to-person selling outside a typical retail environment. Instead, it is performed for instance on social media or at home. (Federal Trade Commission 2018) Common products which are sold are food containers, nutritional supplements, and cosmetics (Groß & Vriens 2019). MLM organizations' operational costs are lower than in other business models due to minimalization of intermediaries (Lee & Loi 2016). MLM can be called for instance network marketing, referral marketing, or direct selling because commission-based income and network-based recruitment are core functions of all mentioned business models (Bäckman & Hanspal 2022). Nearly all direct selling companies use similar structure as MLM organizations (Groß & Vriens 2019).

In Europe, there were over 14 million distributors working in direct selling industry in 2018 (Bäckman & Hanspal 2022). These distributors are considered individual contractors rather than employees. Their income is based on their own and their downline's sales volume rather than a payment tied to working hours (Finnish Competition and Consumer Authority 2022). Distributors may join the MLM for discounted products but most of them join to earn money instead (Bosley, Greenman & Snyder 2020). Distributors working in MLM can earn money

in couple of ways. One is to sell products straight to members outside the organization which can be referred to as non-members. Distributors utilize a motivating compensation system to earn money from their sales. The compensation systems are made by MLM organizations to maximize the sales. The other way to earn money is to recruit new distributors to earn commissions. (Keep & Vander Nat 2002)

According to previous research, distributors' income level remains quite low. Income is not the only reason to join MLM because most of the people also value the social aspect of the organization. Usually, MLM companies promise a luxurious lifestyle combining work and family life effortlessly. (Bäckman & Hanspal 2022) MLM is often promoted as a business model suitable for everyone despite of the background (Lee & Loi 2016). In addition, MLM organization promises flexible working hours. The job opportunity is often promoted as a chance for people who are otherwise not able to work in a traditional working environment. Marketing of this kind of a job opportunity is targeted to women or it might appeal more easily to them. MLM organizations tend to promise a better future and various other positive outcomes when joining the company. (Bäckman & Hanspal 2022)

MLM organizations do not recruit on their own, but they rely on distributors to recruit new salesforce for the company (Federal Trade Commission 2018). There is often a commission earned from recruiting which will encourage distributors to continue it. When a new distributor starts to sell on their own, the one who recruited them will also earn a share of their sales. (Reingewertz 2021) The upline who has recruited a downline for them is supposed to support new distributors to get them started with the MLM business. When distributors are supporting each other, they can head towards mutual goals to increase their sales and achieve higher compensations. The relationship between upline and downline distributors is crucially important for functioning business operations and growth. The upline is supposed to act like a mentor for their downline. Emotional support between peers brings value for all distributors. MLM organizations arrange various kinds of meetings for distributors to connect and build a network as well as to motivate and practice their selling skills. (Lee & Loi 2016)

The distributors have multiple roles in the MLM company since they act as recruiters and job trainers while gathering up their own downline (Wrenn 2022). As well as selling the product, distributors also consume them. This indicates that the MLM distributor is also a consumer (Lee & Loi 2016). In MLM, there is a phenomenon which could be referred to as

internal consumption. It means that the product is not purchased for consuming purposes but rather to earn income. This is resulted from the commission system which in some MLM organizations indicates higher status with significant raise in commissions or different new commissions as a reward of a certain number of products purchased in a month. (Groß & Vriens 2019)

Usually, distributors are required to purchase products to be able to join the MLM community. They might want to purchase them for their own use or to stock up their inventory to be able to sell them forwards. It is typical for these products to be purchased from other distributors since selling them in a typical retail environment for instance in a shop is often prohibited by the MLM organization. The price of the product is usually fixed although distributors might get discounts when purchasing large amounts to motivate them to make profit. (Bäckman & Hanspal 2022) The aim of the MLM company is to sell products which are admired by distributors, since they trust word-of-mouth and the power of network as a part of their marketing strategy. It will ease the recruiting process when a new distributor can be influenced by existing distributor's own truthful experiences. (Lee & Loi 2016)

The MLM industry is considered hierarchical, and it forms a pyramid structure due to the recruiting model. Distributor recruits new distributors under them to form a downline and all the new distributors do the same, hence the pyramid structure. There are three different parties, which are often mentioned when analysing the structure of MLM. Different relationships are formed between MLM headquarters, distributors, and non-members and together they form the main MLM organization. The headquarters is responsible for all decision-making regarding the key operations of the business as well as the commission systems. Distributors are the ones promoting and selling the product, recruiting new distributors as well as teaching and mentoring them. The ones they are targeting form the third and final part of the MLM industry as non-members. Although they are not yet working for the company, they are in a key position to enable the operations of MLM. (Groß & Vriens 2019)

The first relationship is formed between the headquarters and distributor. It consists of the regulations of the rights and responsibilities when working in the organization. It also forms around the Code of Conduct, which is in a key position in how distributors treat others in selling or recruiting situations. These moments of interaction between distributors and non-members are considered as the second relationship. (Groß & Vriens 2019) They require good

communication skills as well as emotional intelligence. The trust between non-member and a distributor is a key factor in recruiting prospective new distributors and it can be built with the help of emotional intelligence. In addition to that, social awareness and empathy are important characteristics when building a long-term relationship between these two parties. (Koe Hwee Nga & Wai Mun 2011) The third relationship is between non-members and the headquarters. It consists of for example the clients' and new distributors' rights of returning the bought product or stand back from the contract without an explanation. (Groß & Vriens 2019)

Social aspect plays a big role on MLM business. When a distributor socializes with other distributors from the same downline or network, they can achieve success and satisfaction from it. It is common to arrange various kinds of trainings, mentoring programs and other meetings to improve the essential networking and socialization. They are also one of the factors which increase the job satisfaction among distributors. In these meetings and training session, there are usually a wide range of the most successful distributors who are there to share their skills and experience in addition to motivating other distributors to perform well. (Lee & Loi 2016) MLM organizations often attract people who value social interactions. Those people might join to benefit from those interactions. When it comes to selling products, they are usually sold for distributors' own networks which can consist for instance friends and family. (Bäckman & Hanspal 2022)

2.2 Job satisfaction

Job satisfaction is described in multiple different ways in previous research. One way is to describe it as compensation, promotion, relationship between work and colleagues and supervision combined. Job satisfaction could as well be divided into two sections, extrinsic and intrinsic. Extrinsic job satisfaction includes for instance status, working conditions and job security. Intrinsic job satisfaction includes for instance possibilities for personal growth and satisfaction in general with the job itself. (Msweli & Sargeant 2001) In addition to that, job satisfaction can be described as a pleasant feeling due to the characteristics of a job where an individual can fulfil their own job values. It is a common research topic due to its positive effects on for instance company performance. (Lu et al. 2016) When talking about sales representatives' job satisfaction in general, it is affected by six dimensions: the attitude

towards the position, colleagues, supervisors, the organization's policies and support, compensation, and customers (Lee & Loi 2016). In addition to that, it has been researched that balance between work and life is linked to job satisfaction (Haar et al. 2014).

Factors affecting distributors' job satisfaction in MLM organizations in Malaysia have been studied in previous research. Six factors were evaluated by their significance towards distributors' satisfaction using quantitative methods. These factors were building one's own business opportunity despite their background, the quality of recruiting process, support from upline distributors, products and services, monthly income, and the quality of training. The results show that the quality of training has no effect on satisfaction. Although this result is contradictory with the research done before, it could be explained by participants of the research having other sources of income as well as being a distributor for MLM company. It was stated that lower monthly income affects more on satisfaction than higher monthly income and higher income results to higher satisfaction. All the other factors mentioned above significantly affect the distributors' satisfaction. (Lee & Loi 2016)

According to Purcaru et al. (2022) three main experiences where satisfaction is felt in MLM are the experiences of MLM system, customer relationships and the product. This is researched from the viewpoint of experiential marketing and distributors' loyalty to MLM organization. In this case, loyalty is described as a confident attitude towards the company. Loyalty of MLM distributors is studied with the strategies found in experiential marketing which include providing positive experiences within the organization system. The quality of the products and customer satisfaction are key factors when studying loyalty. Especially in MLM industry, it is important to concentrate on distributors' satisfaction due to their role as salespersons and buyers. Although experiential marketing is traditionally studied from the viewpoint of a customer, it is justifiable to utilize it for MLM distributors since their diverse role.

Both studies mentioned above show that developing a high-quality product is one of the key factors for attracting new buyers as well as new distributors (Lee & Loi 2016; Purcaru et al. 2022). The product which has been sold offers several kinds of experiences which are seen to have big impact on loyalty among sales representatives. If the customer is satisfied, so is the distributor. The satisfaction is achieved by selling a product which matches their needs. If the product does not convince the buyer and there are no repeated purchases, distributor can be left dissatisfied. (Purcaru et al. 2022) Both studies also highlight the importance of

the community in satisfaction. It is important for distributors and the organization to have mutual goals to pursue, and the atmosphere should be friendly to allow commitment to build. (Lee & Loi 2016; Purcaru et al. 2022)

Successful direct selling is usually difficult, and it requires constant training. The rewarding compensation systems are often essential to keep distributors' motivation high. Because of these factors, distributor loyalty can be affected easily and the turnover rate among distributors in direct sales is usually quite high. (Keep & Vander Nat 2002) Turnover in this concept means separating oneself from the organization they worked for (Lu et al. 2016). It is not uncommon for even 100% of the company's salesforce to change during a year (Keep & Vander Nat 2002). It has been considered in previous research whether a distinct marketing mix design targeted to distributors with a concentration on job satisfaction could help the MLM organization to understand the reasons why distributors leave the company (Msweli & Sargeant 2001). Traditional marketing mix is based on 4P's which are product, promotion, price, and place. It is utilized especially in mass marketing, where the offering is similar for many customers. (Wu & Li 2018)

2.3 Ethical problems of MLM and its connections to pyramid schemes

In previous research, it is stated multiple times that MLM organizations face numerous ethical and legal issues (Groß & Vriens 2019; Keep & Vander Nat 2002; Koehn 2001). These issues often pursue from the fact that MLM organizations and pyramid schemes are often difficult to differentiate from each other. There have been multiple cases where pyramid schemes are exposed to be resembling a legal MLM organization to hide all their illegal actions. (Keep & Vander Nat 2002) Characteristic for illegal pyramid schemes is that their focus is more on the recruitment of people rather than selling an actual product to achieve growth (Koehn 2001). Structures and commission systems of pyramid schemes and MLM organizations are similar despite the differences in whether they concentrate on recruitment or the product (Wrenn & Waller 2021). When most of the growth comes from these investments to be allowed to recruit instead of making a profit by selling a product, the operations are considered fraudulent. These characteristics makes pyramid schemes unethical as well as illegal. (Koehn 2001)

As well as concentrating on the recruitment instead of the product, pyramid schemes are also fraudulent. It is typical for them to promise a significant profit from a small investment although it is more common to lose money than to earn an income due to scarcity of people suitable for recruitment. (Koehn 2001) New distributors do not typically have enough information of the actual earning possibilities and how difficult it will be to reach the position in a pyramid where earning increases to a level which is promised when promoting this business opportunity (Keep & Vander Nat 2002). There are increasing amount of content in media which is aiming to expose companies acting like a pyramid scheme. When promises are not fulfilled, the image media forms of multi-level marketing tend to fall more into the negative side. (Bäckman & Hanspal 2022)

Research done by Groß and Vriens (2019) shows an overview of five main problems regarding MLM organizations' ethicality and legality, first of them being the possibility of being a pyramid scheme or turning into one. Second one is misinforming distributors of their possibilities within the company including the earning opportunities. Misinforming distributors can lead to the third problem which is misinforming the customer by not telling the truth about the sold product or sharing misinform distributors have received to possible future distributors. Fourth problem is that distributor might take advantage of their own relationships with family and friends as a business opportunity to make profit. Fifth problem is the company atmosphere which can be ideological and resemble a cult-like environment where distributors have restricted possibilities of questioning the ethicality of the organization.

What makes pyramid schemes even more difficult to differentiate from MLM organisation is that a pyramid scheme can use a certain product to fool people to think it would a legal business opportunity (Keep & Vander Nat 2014). The number of similarities cause it to be challenging to differentiate them and it would require a precise case analysis because there is no certain easy way to determine which one the company in fact is (Bosley & McKeage 2015). Koscot test was formed to help to determine if a company is a pyramid scheme in 1990s. It discusses the situation where a person pays money to be able to sell a product and to be able to receive commissions from recruiting itself, unrelated to the sales of a product to end-users. (Keep & Vander Nat 2002) Although there are various legal and ethical issues in the industry, MLM is seen as an attractive business model due to the increasing number of joining distributors all over the world (Bäckman & Hanspal 2022).

2.4 Theoretical framework

In this thesis, distributors' job satisfaction is analysed through theoretical framework (Figure 1) modified from previous research by Purcaru et al. (2022), Lee & Loi (2016) and Groß & Vriens (2019). It includes three main categories and two sub-categories which are previously studied to be affecting distributors' job satisfaction in MLM organizations. The main categories are called *relationships*, *product*, and *business opportunity*. There is a sub-category under *relationships* which is called *recruitment and training*. *Product*-category does not have any sub-categories but under *business opportunity*, there is sub-category called *compensation*. These factors are modified from studies by these researchers to form a wider and inclusive illustration of the factors which build sales representatives' and more specifically MLM distributors' job satisfaction. Next, all these categories are presented in Figure 1 and explained in detail below.

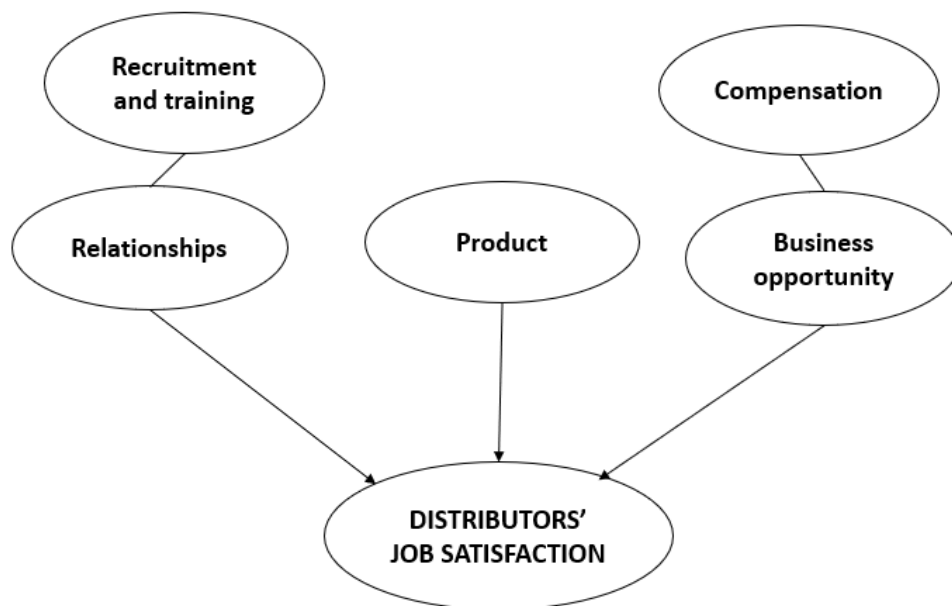


Figure 1: Distributors' job satisfaction in multi-level marketing organization (Adapted from Purcaru et al. 2022; Lee & Loi 2016; Groß & Vriens 2019).

Category 1: *Relationships*

There are usually at least three operators in MLM which are the headquarters, distributors, and non-members. There are different kinds of relationships between these operators. The selling of products relies on a personal relationship between distributor and the purchaser which differs from typical retail environment. Attractiveness of MLM business is mainly based on relationships and social ties and their high value. (Lee & Loi 2016)

Category 2: *Product*

Previous research shows the importance of a product and its quality in MLM. Distributors can sell both products and services but products and their significance are discussed more often. (Purcaru et al. 2022; Lee & Loi 2016; Groß & Vriens 2019) In MLM it is typical that a distributor is a seller and consumer of the product (Purcaru et al. 2022). Appealing products attract new customers and distributors as well as help to decrease the turnover rates of existing distributors (Lee & Loi 2016).

Category 3: *Business opportunity*

MLM is often promoted as a way of earning money where your background is not relevant. Usually, MLM companies' aim is to provide a meaningful life and a way of achieving distributors' dreams. (Lee & Loi 2016) Due to the nature of MLM system, there is no limit for the guaranteed compensation (Purcaru et al. 2022) which is considered appealing in terms of a business opportunity.

Sub-category 1: *Recruitment and training*

Recruitment and training both play a significant role when it comes to social aspect of MLM. MLM utilizes specific recruitment model, where distributors recruit other distributors to form a downline. It is important for a distributor to have great social ties with both upline and downline distributors. Socializing with the network as well as training for the job is usually conducted via organizational meetings, seminars, and training sessions held by MLM companies. It is important for distributors to be trained well for competitive MLM industry due to the changes in the market environment. (Lee & Loi 2016)

Sub-category 2: *Compensation*

This sub-category includes the way money is earned from selling products as well as from recruiting new members to join as distributors. Typical for compensation in MLM is that it is based on a strict compensation structure which awards distributors not only for their achievements but also their downline's achievements. (Lee & Loi 2016)

3 Methodology

Following chapter will include description of research methods used in this study. It will reveal which methods are used to collect the data and how it will be analysed to answer the research question. The chapter will take a closer look on the data itself and its background.

3.1 Data collection

This thesis will be conducted with qualitative research methods. Qualitative research aims to explain and understand social and cultural constructions without statistical analysis and testing hypothesis which are more common for quantitative research. Qualitative research is tied to cultural context and relies on analysing empirical data around it. (Eriksson & Kovalainen 2016, 4-5) This topic was chosen to be approached with qualitative research because the distributor satisfaction will be reviewed as a timely phenomenon under the concept of MLM's reputation and distributors' own opinions and experiences will be placed in a societal context. Qualitative research is needed for collecting more complex and elastic data compared to quantitative research (Saunders et al. 2016, 568). Therefore, the qualitative research methods will fit to the objective of this thesis due to controversiality and complexity of the topic.

It is common for business research to collect empirical data with various kinds of data collection methods (Eriksson & Kovalainen 2016, 81). For this thesis, the empirical data is collected from semi-structural interviews held either via online video calling platforms or email. Typical for interview is that the interviewer must know how to ask relevant questions in a way that interviewee is willing to listen and answer to them (Saunders et al. 2016, 388). The outline of the semi-structural interviews is the same for all interviewees and it can be found from Appendix 1. It still leaves room for differentiating the wording of questions depending on a situation (Eriksson & Kovalainen 2016, 83). The main body of interview questions are planned beforehand to ensure that the relevant topics are being discussed with the interviewees to achieve the aim of this thesis (Saunders et al. 2016, 388).

This method of data collection is chosen for this thesis because it is constructed enough to answer the specific topic of job satisfaction among distributors in MLM, but open enough

for leaving room for distributors' own experiences and stories which play the main role in this research. When collecting data for qualitative research, it is important to consider that the data will have to be modified into a different form while utilizing conjunctive themes and categories (Saunders et al. 2016, 569). Therefore, interviews which are conducted online via video streaming services, are recorded for anonymised transcription. The interviews conducted via email are only anonymised since they are already in a text form. The analysis is done using Finnish language to ensure reliability in analysis process since the interviews are conducted in Finnish. When using interviewees' quotes in this thesis, they are translated to English language to be as close match with their statement in Finnish as possible. Word for word translation is not possible due to the differences in grammatical structures of sentences of both languages which might affect the reliability.

The research data is collected by interviewing four distributors from three different international MLM organisation all operating in wellness and beauty industry. The interviewees were chosen by convenience sampling which means they were conveniently reachable for the researcher (Andrade 2021). Convenience sampling gave an opportunity to choose interviewees according to their knowledge of the topic and how the topic is connected to them. The interviewees which have chosen to be part of this thesis, were contacted via text messages or emails with a help of few contact persons. They all live in different places which makes it a reasonable choice to hold the interviews remotely. Before the interviews started, the topic was described briefly as well as all the necessary information about data security. Consents for participating the interview as well as recording the interview were collected from all the interviewees before interviewing them. Organizations where the interviewees work will be anonymous throughout the thesis to ensure data protection and anonymity of all the participants.

When conducting the interviews, the interviewees were firstly asked to describe their career in general as MLM distributors. Interviewee A had been a distributor for over 30 years but bought products just for their own use as well as for friends and family. They considered themselves more of a customer and never had their own downline of distributors. Interviewee B started as a distributor around 10 years ago and was an active manager with their own downline and team for two years. After that, they have similarly bought products just for own use as well as for friends and family. A term "manager" came up multiple times in the interviews. It was used to describe the one person, who recommended and finally

recruited others to join as distributors to form their own team. The word “sponsor” was also used to describe the same thing. To ease the reading process, a term “manager” is used throughout the findings due to its commonness.

Interviewee C started as a distributor around 11 years ago and now works as a manager-level distributor with multiple distributors in their downline. They spent one year as a full-time distributor during their career and now they are a part-time distributor. Interviewee D had been a distributor for almost four years and currently has their own team of distributors. They have been familiar with the business since they were a child, since their mother was a distributor, and finally worked as their manager. All the participants are now working as part-time distributors and have other sources of income. These details can be found from Table 1 below.

Table 1: Interviewees and their background information.

Participant	Experience	Title	Employment
Interviewee A	30+ years	Distributor	Part-time
Interviewee B	around 10 years	Distributor (former manager)	Part-time
Interviewee C	11 years	Manager	Part-time (previously full-time)
Interviewee D	almost 4 years	Manager	Part-time

3.2 Data analysis

The data collected from semi-structured interviews is analysed using qualitative content analysis. Qualitative content analysis concentrates on the content of the data and answers what is said in the data. Qualitative content analysis can be done from text or audio-visual data and therefore the interviews are recorded and then transcription is made to ease the analysing process. (Eriksson & Kovalainen 2016, 119-120) The content analysis typically starts with inventing analytical categories (Saunders et al. 2016, 611). This thesis utilizes pre-defined

deductive coding, which means that aspects from previous literature are assumed to be relevant for the ongoing research objective and therefore they are used to form analytical categories (Neale 2016). Pre-defined categories can be found from Figure 1. In addition to those pre-defined categories, there will be the sixth category called *MLM organization*. This final category includes all the other important factors affecting the job satisfaction in MLM organization which cannot be placed under any other category. These categories were decided beforehand due to their relevancy in previous literature. They have been studied beforehand to be associated with job satisfaction among MLM distributors (Purcaru et al. 2022; Lee & Loi 2016; Groß & Vriens 2019) and therefore, they are included in this thesis as well. These terms were used to describe the categories since they are the most comprehensive and could include other smaller terms mentioned as relevant in previous literature.

When the categories are clear, qualitative content analysis starts with developing a coding scheme. It starts with labelling the codes, which can be seen from Appendix 2, and they are named after Table 1 (Eriksson & Kovalainen 2016, 123). Although pre-defined categories are made based on previous literature, they are just assumptions which are used to help the analysis of the topic (Neale 2016). Therefore, the sixth category *MLM organization* is made to include all the factors affecting job satisfaction which were not mentioned beforehand. When the codes are labelled, follows the instructions made for identifying right content for each code (Eriksson & Kovalainen 2016, 123).

Appendix 2 shows all the codes, possible key words, and themes for them and one example from the data. First code *relationships* includes all the data related to distributors, the headquarters, friends, family, upline, downline, customers, non-members, media, and network. Second code called *recruitment and training* includes all the mentions of recruitment system and their own recruiting process as well as recruiting others, own training process and training others as well as meetings and seminars. Third code called *product* is all about quality, pricing and selling products and interviewees own opinion and usage of them. Fourth code called *business opportunity* relates to starting as a distributor and brand promises. Fifth code is called *compensation* which refers to compensation system, bonuses, income and earning money. Final code *MLM organization* includes all the other factors which distributor have experiences to affect their job satisfaction, and which cannot be situated under any other code.

Finally, coding scheme requires instructions on how to exclude parts of the data and examples of it. (Eriksson & Kovalainen 2016, 123) In this thesis, all the factors which come up in the interview that MLM distributors have experienced to build job satisfaction are considered important and valid for the research objective. Background information of all participants is collected to set the scene for the findings. All the other answers to interview questions which are not related to interviewees job satisfaction, or the codes are excluded.

4 Findings

This chapter will give closer look on the research findings. At first, all the codes from Appendix 2, *relationships, recruitment and training, product, business opportunity, and compensation*, and findings regarding each code are introduced one by one. At last, all the other factors which cannot be placed under any other code that distributors associate with job satisfaction is included under the last code called *MLM organization*. In this chapter, all the findings are coded for discussion which can be found from chapter 5.

4.1 General experience of job satisfaction

After getting to know the background information of all interviewees, they were asked if they are satisfied with their job as a distributor. All the participants agreed that they had been generally satisfied with being a distributor in MLM organization they represent. Especially trainings, meetings, innovative and developed products, working as an individual contractor without certain responsibilities, support from reliable company and great helpful atmosphere were highlighted. The unlimited opportunity for working around your interests and hobbies were also mentioned. Few more negative factors occurred which had been affecting interviewees' job satisfaction. One of them was that it can be time-consuming to work as a distributor especially if you have your own downline or a lot of customers. Acquiring new customers by calling them was also considered mentally exhausting.

Just before the main interview questions, interviewees were requested to describe what job satisfaction means to them. Mental wellbeing was mentioned to be a major factor in wellbeing at work. Job satisfaction was described as a feeling, where the job, work tasks and thinking about work do not cause anxiety. Proving good standard of living for family and children, the importance of good products and efficiency around ordering them as well as motivation to work were also mentioned.

“Job satisfaction is a fundament and motivator, according to which the job is made.” –

Interviewee C

4.2 Relationships

The main interview questions started with the category *relationships*. Relationship between the interviewee and the represented MLM company was experienced to be quite distant although it was considered pleasant to be contacted by management of the organization. The distant relationship was explained by a low number of employees compared to the size of company's revenue since the whole distribution chain functions via individual distributors. The relationship was not concerned personal. However, it was confidential and trustworthy. It was mentioned that the management not only contacts the ones who have been the most successful but also the ordinary distributors. On the contrary, it was also stated that the management's interest was more based on the distributor than a human. It was considered first as confusing but then quite logical and common since if the company can utilize distributor more, they are more interested in them. In this section, the diverse role of a distributor came up. It was described as a wavering term since a distributor is also a customer for the represented company.

The answers regarding distributors' relationships with each other differentiated a lot between interviewees. Half of the interviewees felt like these relationships built their job satisfaction and affect positively to it. There were described to be warm solidarity between distributors even though they can be considered as competitors. They are still representing the same company with pride and can always ask help from each other. Even though they are all working independently, they can be considered as work friends, and they also spent time together outside working hours. Similar vision was also mentioned as a reason for such an open relationship. Different teams cooperate daily which is considered as a huge resource since everyone is supporting each other. They feel like it is important that they are their own boss, but they do not need to work alone.

“They have time and resources to be interested in and care for how I am doing, and they are genuinely happy for my success.” – Interviewee D

On the other hand, not everybody was completely happy with their relationship with distributors. Some distributors were considered friendly and especially a good relationship between the distributor and their manager was considered important. Some of the distributors were seen to be more attracted to earn money compared to one interviewee who considered knowledge of the product to be more important thing. Due to different goals and interests, it

could lead into negative atmosphere and the more successful distributors looking down on others. In addition to these opinions, one of the interviewees did not have any other relationships to distributors outside social media other than their own manager and therefore this was not relevant for them.

“Some have reacted nicely, and they have been excited to get products easily from me and fell in love with them. Some of, now old friends of mine, have been talking behind my back and talked mean things about distributing.” – Interviewee B

The ones who had own customers, saw them as sweet and cherished the warm and open relationship with them. It was mentioned that looking after a customer brings them back again and again and it was pleasant to be able to anticipate which products to order, when they knew that customers want to buy more continuously, and they are committed. It was stated that the relationship with customers is very interactive, and it builds trust over time. The customers could be for instance family and friends, other distributors, and non-members.

“There is also an open and warm relationship with customers. Customers wellbeing is the core value.” – Interviewee C

Social aspect of MLM was seen to affect very differently to each of the interviewees' job satisfaction. One of the interviewees said that it did not really matter at all, since they do not have many social contacts in MLM community. Other interviewee mentioned that the social aspect affected their job satisfaction more negatively before, but now it does not have effect at all. Rest of the participants highlighted the significance of all their relationships regarding the company and its management, other distributors, their team members, and customers. For instance, they stated that they have wonderful team members, and it has been rewarding to get to know new people. They found all these relationships important and having positive effects on their job satisfaction.

It was a common statement that all the participants had seen articles and posts about pyramid schemes and their connections to MLM in news or social media. It was common to encounter doubtful and sceptical comments due to the news as well as be accused of being part of a scam. They were aware of their companies' backgrounds and had not experienced any signs of scam within the company they represent. Therefore, they were able to explain the fact to those who were doubtful. One interviewee pondered that usually these doubtful comments originate from ignorance and not knowing basic information about pyramid schemes or

multi-level marketing. People have supposed for instance that MLM distributors do not pay taxes, or they get compensation just for recruiting people which the interviewee stated is not true. All of them described that these assumptions have affected their job satisfaction. For instance, it can be tiring to explain the truth to people who do not believe it. It was explained that when there is time to talk, doubts and negative assumptions usually get an explanation. It can be hard to stay positive when there is much negativity around the topic. The one who had not encounter doubtful comments said that it could be due to the long history of the represented company and the products being widely known among people who are not working for the company.

“Of course, it has affected my job satisfaction. I know that I have certain friends which have told straight out that they think that what I do is not okay. Then when I have asked questions, it turned out that one of them supposed that I do not pay taxes.” – Interviewee D

4.3 Recruitment and training

Trainings were considered to be affecting distributors' job satisfaction significantly. One point of view of the trainings was that distributors could get up to date information about products and therefore it would ease answering customers' questions about them. In addition to that, information, for instance about the reward structure, was rehearsed regularly. The trainings were also mentioned to be fixed multiple times a year all around Finland but also internationally both online and live. They can be fixed by the company or the distributors themselves.

Those who do not value the social aspect that much, use trainings to learn about the product and those who are the opposite, can use the trainings and meetings more for networking and socializing. It was stated that trainings increase job satisfaction since it is possible to meet people with similar interests, hear experiences from them and build own networks. One interviewee stated that personal development is considered important in every training session with certain tools to help guide towards it. They also mentioned that since working as a distributor is more emotion-centred than fact-centred, they can also get new tips for customer encounters from these trainings.

Distributors' own recruiting process was considered simple. Manager, the one who recruited them, just filled a form in a company's website and that was it. They helped to get started with a distributor career which was different experience for everyone. One participant said that they decided to contact a distributor to get involved with the business and other interviewees mentioned that they were contacted by their future manager. One distributor was recommended to join by their own mother. It was agreed that their manager is the number one person to ask for help and receive tools for working. In addition, it was described a little further, since one participant had to purchase certain number of products and another one had to purchase a starting package to be able to join as a distributor.

“I have recruited and trained a lot of people. It is a good addition to the sales job, and it feels good and gives new energy to work when seeing others succeed.” – Interviewee C

Specific recruitment system of MLM organizations was seen as functional and simple, although different than the recruiting systems in regular companies. It was considered fair and logical that there is always someone at the bottom of the pyramid structure. One interviewee pointed out that the form of recruiting system in MLM was always clear for them, right from the start of their career. It was described truthfully throughout the recruiting process, and they felt like they were never confused about it. Other point of view was that the way that MLM recruiting system differs from the regular one seen in day-to-day life, can be difficult for some people to get their head around. One interviewee mentioned that the recruiting system that their represented company uses, is the clearest and fairest system they had seen compared to other MLM companies where the system might be more questionable. In their opinion, it increases job satisfaction when they know the recruitment system is open and functional. It was stated that any other forms of competition other than positive competition where others are pushed forward in their career, cannot be seen in MLM. In addition, it was highlighted that networking and social aspect of recruiting system is an important factor.

“It takes nothing away from me if someone is in a higher position. In some way I just understand it as a pyramid structure. I was never confused about it.” – Interviewee A

4.4 Product

It was agreed that products are the key factor which builds job satisfaction in MLM organization. The significance of good products and good experiences around them was mentioned. It was stated that it is not possible to succeed as a distributor if you do not like or use the product you are selling. It is not possible to recommend something with a pure heart if the product is not experienced to be worth trying. Products with high quality were described as a “vital” factor of being satisfied with their job as a distributor. Few characteristics related to products were mentioned to be building interviewees’ job satisfaction.

“Products. They are the main thing. If they were not that good, I would not be working in MLM.” – Interviewee B

Firstly, the products were either suitable for participants or their close ones or had various positive effects on them. Participants were using the products themselves and have their own families and friends using them with satisfaction. It was pointed out that job satisfaction has been high since the experiences regarding the products have been great from the point of view of the distributor themselves or also the customers. It was also stated that the products have made distributors life easier. The products are mentioned to be developed all the time and every detail has been thought thoroughly. One participant mentioned that the products are developed to a point that it can feel quite overwhelming when there are no classics anymore. It was also said that the products vary between different markets and there is something for everyone

The quality-price ratio of products was experienced to be superior. When interviewees joined to be distributors, they got a certain discount from ordered products and therefore they can purchase them cheaper compared to customers who are not members of MLM. Samples are also handed out for distributors to test the product and to be able to be completely satisfied with the product when purchasing it. On the contrary, one participant felt like the pricing is sometimes too high for the high-quality products, and it has affected the selling of the product to customers. In their opinion, it has partially decreased the job satisfaction.

It was mentioned that when joining MLM, it was quite difficult to purchase products from the company and the system was outdated. However, the system has been constantly

developed and now, products can be ordered easily. On the contrary, it is sometimes difficult to explain, that there is also the service being sold, not only the product, which could be purchased from a physical shop or online store. It was also said that sometimes the shipment times can be long depending on the time of the month since the compensation system rewards distributors monthly. Therefore, end of the month is usually the busiest time. Sometimes certain products can be out of stock as well but in general the availability is good.

The selling process of a product was also mentioned when talking about the significance of products in job satisfaction. One of the interviewees said that their marketing plans and all the company functions operate around product sales. They felt like they are not naturally good at selling but they enjoy recommending products and invest in customer relationships. As a distributor, they sell the service and results in addition to the actual product. They mentioned it was extremely important that they can fully stand behind their words.

“With the product and the support from community and distributor individually, the customer can achieve the wanted results. People rarely want the product itself but something they can achieve with the product.” – Interviewee D

4.5 Business opportunity

There were couple of different reasons why interviewees decided to join MLM organization, and the most common answer was the products. Therefore, everyone’s story is told next. One interviewee told that it was not the MLM business itself, which was the reason to join as distributor, but it started with the fascination of the product. One of them described that they could not order the products anymore and did not know anyone who sold them, so they decided to join as distributors to purchase them on their own. There was no need to make money, just the willing of purchasing the products. Other participant said their family started to use the products so much that it was way cheaper to join as a distributor and order the product with a discount. The discounted prices were the reason to join for them. One of the interviewees mentioned that they joined MLM because they wanted to recommend products to others since they helped their significantly. The willingness to help others to achieve something the distributor have achieved was said to be the reason to join. In addition, the ability to work according to their own schedule, to build their own future and to help to accomplish their studied was mentioned by them.

“It was tempting to receive cheaper priced products as a distributor.” – Interviewee A

It was a common ground that interviewees did not experience many big promises from the company which would have made them to join as distributors. One promise which came up during interviews was the compensation system and the way that distributors can climb up levels to achieve bigger compensations and discounts. One interviewee mentioned that the company has promised that if you work more, you earn more. Another interviewee pointed out that the company gave a promise to earn extra money, but they did not have any expectations of earning an income. There were also other promises mentioned, which were the protection for member's, distributor's, and customer's rights. There were no promises of fast earning, but promises are concerning more of the marketing plan being same for everyone and everyone having the same opportunity to succeed. Especially in Finland, it was stated to be more common to join MLM as a hobby which brings extra money. These promises, although they were not so relevant when joining as distributors, were experienced to be fulfilled.

“I cannot remember that I would have been given any promises. It was more like if you want to earn little extra money, this is the opportunity for that.” – Interviewee B

4.6 Compensation

Common statement regarding the compensation system was that when you work more, you get a bigger compensation. This was considered fair, as they who have achieved more should be awarded for their work and on the other hand the ones who have not worked enough, should not get specific rewards. Compensation system was described to be hard to understand at first, since its complexity but it was always described truthfully during recruiting process and trainings. The importance of having motivating and fair compensation system was stated and the compensation was seen to match with abilities and working hours. Discounted products were seen as a compensation, and it was motivating to work more since it resulted on increasing discounts. In conclusion it was experienced that the compensation system builds job satisfaction.

Compensation systems were described as “cumulative” and quite similar between different MLM organizations, although completely different comparing to the compensation systems

of traditional companies not operating in MLM. Similar situation was with the recruitment system. When a distributor recruits new distributors, they form a downline for the manager. They start to earn when their downline starts to purchase or sell products. When manager's downline distributors recruit new distributors, they form their own downlines and become managers. When you have a downline, you earn a certain percentage of their sales and purchases, but not from the joining itself. Details might vary between companies, since some participants said that the more downline distributors a manager has, the bigger the earned percentage will get. Some also describes that when the downline distributors' purchases and sales increase, the manager will be able to purchase their own products with even higher discounts. It was also described that there are different levels for distributors according to their discounts. When you achieve the highest level, you can earn bigger bonuses.

"I do not know if I would form my own downline of distributors if it was not beneficial.

After all, they require extra work" – Interviewee B

It was mentioned that distributors earn money from their own sales as well. When a product is purchased by the distributor with a discounted price and sold to a customer with its original price, the distributor earns money. One participant felt like they could not sell the products to their friends and family with their original price and supply products with the discounted price themselves to earn money. They felt unfair of doing so to their close ones.

"I have thought that I do not want to. If I order products for others while I would order products for myself, why would I charge them more. I will perhaps share the shipping

costs. I could not be a salesperson." – Interviewee A

It was mentioned that there are also other forms of compensation than money when you perform successfully. Travelling abroad for free was mentioned multiple times, and one of participant had first-hand experience of it. The more you work, the more you earn -pattern could also be seen in travel compensations. It was described that those who are more successful, can achieve free trips to more luxurious destinations with a longer distance of traveling.

4.7 MLM organization

The code *MLM organization* was made to include all the factors which came up in the interview which did not fit under any of the pre-defined categories and their codes. When conducting the interviews, almost all the factors which came up were able to be categorized with the help of previous literature. There was only one new factor, which was not fitting under any other code than the *MLM organization*. It was stated that the importance of good quality, ethical and trustworthy organization is seen to build job satisfaction significantly. It was mentioned to be important to be able to trust the organization and recommend its products to others without any concerns regarding the company, its operations, or products. At the same time this category fits only under this code, but it could also form a major concept behind all the things discussed previously.

5 Discussion and conclusions

The aim of this thesis was to find out, how multi-level marketing has kept its popularity as a business model despite its questionable reputation caused by news regarding the similarities of MLM organizations and pyramid schemes. It was approached with a concentration on job satisfaction which was studied from the point of view of MLM distributors. The research question was “*How distributors’ job satisfaction is built in a multi-level marketing organization?*”. It was studied with qualitative research methods by collecting data from four semi-structured interviews. Then qualitative content analysis was utilized with pre-defined codes found from Appendix 2. Relationships, recruitment and training, product, business opportunity and compensation were all mentioned in previous research and therefore they were used as key terms to build a theoretical framework for the research (Purcaru et al. 2022; Lee & Loi 2016; Groß & Vriens 2019). According to findings, it was noticed that almost all the factors, which came up in the interviews, could be placed under codes defined by a theoretical framework.

According to this thesis, the products was the most important factor which was seen to build distributors’ job satisfaction in MLM organization and products were also the key reason to join MLM in the first place. This is in line with previous research, since it has been stated that high-quality product offering several kinds of experiences and fulfilling distributors and customers’ needs affect the loyalty of distributors which is built from satisfaction (Lee & Loi 2016; Purcaru et a. 2022). Lee and Loi (2016) describe that the quality of training would not have an impact on distributors’ job satisfaction which was contradictory not only with the previous research they used but also with the results of this thesis. This thesis shows that training build distributors’ job satisfaction, even when interests in social interactions are different. Easy recruiting process and manager’s help affected positively to job satisfaction.

Previous study conducted from job satisfaction among MLM distributors has only part-time distributors as participants (Lee & Loi 2016), which was also the case in this thesis. Business opportunities of MLM not seen to build job satisfaction, however distributors were all aware of MLM as a side business with a possibility of earning extra money. Good quality products were associated with job satisfaction over the actual business opportunity. However, the results show that the specific compensation system related to MLM was seen to build job

satisfaction. In conclusion, it was considered fair to earn in relation to the workload, skills, and knowledge. Results shows that relationships are the factor which is the most contradictory among distributors. As Bäckman and Hanspal (2022) state, MLM organization usually attract people who admire social interactions. This thesis shows that the social aspect of MLM and different relationships with headquarters, distributors, and non-members described by Groß & Vriens (2019), are not valued similarly between distributors. Therefore, these results differ from previous literature.

This research has succeeded to answer the research question. The results show that distributors' job satisfaction in MLM organization is built from discounted, good quality and effective products, fair "work more, earn more" kind of compensation system and personal recruiting process followed by continuous training. In addition, only one aspect outside pre-defined codes was mentioned which was ethicality and reliability of the MLM organization, which was seen to build job satisfaction. The aim of the thesis is accomplished as well. With these results, it can be said that negative reputation of MLM is often mirrored from news regarding pyramid schemes and their similarities to MLM businesses. MLM distributors themselves do not feel that they have been victims of pyramid schemes in any ways since they represent international companies with tens of years of experience with wide popularity among people all over the world. The results show that sceptical and doubtful comments from people affect negatively to distributors' job satisfaction. The reason behind the negative reputation of MLM often originate from the lack of knowledge.

These results could be utilized in various MLM organizations. Human resource departments which ensure distributors' wellbeing could make implications with the help of the results to increase distributors' job satisfaction and ultimately lower the high turnover rates in MLM. Results could be helpful for other operations in MLM as well since for instance the compensation system, which is highly dependent on the management, is in a key position to build job satisfaction. If it can be made even more rewarding, it probably will increase its importance in building job satisfaction. As Purcaru et al. (2022) stated, ensuring distributors' job satisfaction affects to business growth. Results could also help MLM businesses to differentiate themselves from illegal pyramid schemes if all these aspects building job satisfaction are highlighted in their core values and communicated truthfully right from the start of the recruiting process.

5.1 Reliability and validity

Reliability and validity are both key factors when it comes to the quality of the research. Reliability indicates the repeatability and consistency of the research. (Saunders et al. 2016, 202) This thesis includes all the necessary information for it to be conducted again by other researcher. Although the information is presented correctly, the sample will automatically be different, since the participants are kept anonymous and therefore the results could differ from this thesis. There are also other challenges regarding the participants which can affect the reliability of this thesis. For instance, any small detail which might affect to participants answers, such as time of the day, mood or interviewing situation might lead to change in participant's answer or even make it false. There are also challenges that originate from the researcher which can affect the reliability of this thesis. For example, researcher's subjective view might also be a challenge when analysing the data. (Saunders et al. 2016, 203)

All these challenges have been considered before the data is collected by making the interview situation as natural as possible for both the participant and researcher to ensure the highest reliability possible with the given resources. Interview questions are also planned in a way that the researcher's subjective view does not show, and the participants are not guided in any way above necessary. The reliability of answers conducted in an interview held via online video calling platform and via emails may differ significantly due to their different natures. Speaking out loud compared to writing the answers may be easier or more difficult for different kinds of people. As these challenges occur when conducting an interview, they are relevant to go through in this thesis.

Validity means that correct measures are used to conduct research and its findings are analysed accurately with a possibility of generalization (Saunders et al. 2016, 202). Qualitative research methods were chosen to be utilized in this thesis including semi-structural interviews and qualitative content analysis. These methods are suitable for researching participants' own opinions of a social phenomenon which is the aim of the research, and they also affect positively to the validity of the thesis. There could also be other possible ways to conduct this kind of research such as with quantitative research methods using for instance a questionnaire, but it would not give as detailed data which is able to form independently in a data collection situation compared to the interview.

Findings from research which utilizes convenient sampling can only be generalized for the population that the sample was made of and not for anyone outside of that. Therefore, its internal validity of the thesis is more likely better than external validity. (Andrade 2021) The sample for this thesis was not very big due to given resources, which makes its generalization more unprofitable. The validity would increase if the sample was bigger and the generalization among larger group of people could be possible. Participants being originated from different companies also affects the validity and this research could have been changed by interviewing participants from only one company to ease the generalization.

When the results are based on distributors' own experiences, it is quite natural that they differ from each other as well as from the previous research. As it is stated by Lee and Loi (2016) as well as the data collected for this thesis, MLM welcomes everyone to join, no matter their background, knowledge, or skills. Therefore, the reasons to join the business and the factors which are experienced to build distributors' job satisfaction are naturally different for everyone due to differences in life situations and the amount of time that can be consumed. They can still be seen to follow a certain pattern.

5.2 Future research suggestions

When the job satisfaction of distributors working in MLM organizations are now studied in quantitative research methods very analytically (Purcaru et al. 2022; Lee & Loi 2016; Groß & Vriens 2019) as well as in qualitative research methods with interviewing distributors themselves and hearing their experiences like in this thesis, there would be a need for different approach.

Future research of job satisfaction could be done by analyzing materials from social media. Especially on social media platforms like TikTok and Instagram, exposing MLM businesses on ethical issues or scams have been popular on several occasions. It can be seen from looking at the hashtags which reveals that for instance #antimlm and #antimlmmovement have both been used over 10 000 times on Instagram. These hashtags include content where present and former distributors discuss variety of factors they have not been satisfied with when working in MLM business. Analyzing these social media posts would clearly indicate the factors which have affected distributor's job satisfaction negatively and therefore it could stand as a different kind of material which could be used for similar kind of research.

Although when studying the topic from these materials, the negative mindset of distributors should be considered, and it could distort the findings from neutral perspective.

If job satisfaction would be studied from different point of view than distributors, the researcher could interview for instance representatives of the organization's headquarters or study the materials from MLM organization's webpage or social media channels. It could reveal how the distributors' job satisfaction is built from the point of view of the MLM organization rather than distributors themselves. If there were more resources, wider research could be done to reveal both parties' opinions on the job satisfaction and compare them to each other.

What comes to this thesis and its findings, it could be interesting to find out more about the relation between the importance of compensation system and business opportunity regarding job satisfaction. This thesis shows that business opportunity is not seen as important factor regarding job satisfaction, but on the other hand, compensation system was seen to build it significantly. Why the compensation system is so important when MLM is not seen as a business opportunity but hobby instead? The research done for this thesis also describes the importance of product what comes to job satisfaction in MLM. It could be interesting to study that even further and get acquainted with the actual process of recommending it to other people. How are products marketed to customers in MLM organizations and which kind of marketing strategy is utilized?

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Appendices

Appendix 1. Preliminary interview structure.

Could you tell me a bit of background information about yourself regarding your job as a distributor in MLM organization?

- Role in the organization
- Possible downline
- Do you sell products or buy them just for your own use?
- Are you a full-time or part-time distributor?
- How long have you been part of MLM? Are you currently working as a distributor and if not, why did you stop?

Have you been generally satisfied with your job as a distributor? What does job satisfaction mean to you?

BUSINESS OPPORTUNITY

- Why did you decide to join MLM?
- Did the MLM company have any promises when you were recruited? If so, do you feel like they were fulfilled?

COMPENSATION SYSTEM

- How does the compensation system work in your company? What do you think about it?
- How were you introduced to the compensation system when you were recruited? Was it like that in reality?
- How does the compensation system affect your job satisfaction?

PRODUCT

- Have you been satisfied with the products of the company? Do you use them yourself?
- How does the products affect your job satisfaction?

- Would you like to tell me more about the buying and pricing of the products? How does these factors affect your job satisfaction?

RECRUITMENT AND TRAINING

- Which kind of recruiting process and training did you go through? How did these experiences affect your job satisfaction?
- Have you recruited and trained others? How did these experiences affect your job satisfaction?
- How have you experienced the recruitment system resembling a pyramid in MLM organizations in general? How does it affect your job satisfaction?

RELATIONSHIPS

- What kind of a relationships do you have with the company and its management?
- How have you experienced your relationship with other distributors? How do you maintain it? How the social aspect of MLM has affected your job satisfaction?
- How have you experienced your relationship with customers? How others outside MLM have reacted to you as a MLM distributor?
- In media, there have been various news concerning the shared characteristics of MLM organizations and pyramid schemes. These characteristics can be used to hide unethical and illegal operation. Have you seen the news or have others doubted your work because of them? How have these affected your job satisfaction?

Finally, could you go through one more time, which are the most important factors which have affected to your job satisfaction as a MLM distributor. Is there anything, which is not mentioned yet?

Appendix 2. Coding scheme table.

Code	Key words and themes	Example from the data
Relationships	Distributors, the headquarters, friends, family, upline, downline, customer, non-members, network, relationship	“The relationships with other distributors were not that trustworthy.” – Interviewee B
Recruitment and training	Own recruitment process and recruiting others, own training process and training others, meetings, seminars, online training, manager	“I received excellent introduction and training. I feel like it affected my job satisfaction a lot.” – Interviewee A
Product	Quality, pricing, selling, sales, own usage of the product, own opinion of the product, development	“Products, their price, quality-price ratio, and the ease of supplying products have affected my job satisfaction.” – Interviewee A
Business opportunity	Starting as a distributor, brand promise, business	“First, I joined because of the products. Actual multi-level marketing was not the reason.” – Interviewee C
Compensation	Compensation system, bonuses, income, earning money, prices, workload, travel	“The more I worked, the better prices I got.” – Interviewee B
MLM organization	This code will include all the other factors which distributor have experienced to affect their job satisfaction and it cannot be situated under any other code.	“The main thing is the organization, which is great quality, ethical and reliable. It is extremely important.” – Interviewee D