Motivational drivers for distributors engaging in multi-level marketing in KwaZulu-Natal, South Africa

Eunice Bolanle Akindejia *

Department of Marketing and Retail Management,
Durban University of Technology, South Africa.

bolanleakindeji@yahoo.com

* Corresponding author

Elvis Madondo

Department of Public Relations Management,
Durban University of Technology, South Africa.

elvismadondo@gmail.com

iD https://orcid.org/0000-0002-6263-1604

ABSTRACT

Multi-level marketing (MLM) is an emergent business opportunity in the marketing world. Distributors must be motivated to sell the products and create a pyramid of marketers to get the job done effectively. Motivation will influence the distributor's attitude towards growth and development. As a result, insights for MLM companies in determining the motivational factors that influence distributors to be successful in MLM are important, yet not well known. This study examined the drivers of distributors' motivation to engage successfully in MLM in KwaZulu-Natal (KZN). The quantitative research approach and a questionnaire as an instrument were employed to gather data from distributors in MLM companies within the KZN province. The findings showed that distributor motivation is driven by the quality and innovativeness of products to a great extent. Compensation package is also a significant driver of distributor motivation, while price discounts were found to have a moderate influence. The study recommends MLM companies to remain innovative and produce quality products that meet or even exceed expectations of distributors to drive their motivation. Compensation packages can be tailored to suit the criteria of individuals to appeal to different people in unique and effective ways that drive motivation.

Keywords: Motivation drivers, multi-level marketing, distributors, compensation packages, quality of products, discounts, marketing

INTRODUCTION

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

The motivation to buy, sell, and associate with MLM companies is one factor influencing distributors to engage in MLM activities. Distributors must be motivated to sell the products and create a pyramid of marketers to get the job done effectively (Kalra, Kondepudi and Sridharan, 2016). In some cases, the unemployed labour force, students, housewives, retirees and youth are often motivated to engage in MLM business due to the lack of a steady source of income and resources. Hence, motivation will influence the distributor's attitude towards growth and development. Many studies relating to MLM vis-à-vis motivational factors have been carried out in Asian countries. Such studies are limited in the African continent, especially in South Africa. This study purposed to examine motivational drivers for distributors engaging in MLM in KwaZulu-Natal (KZN). The rationale for the study is to provide new insights for MLM companies in determining the motivational factors that influence distributors to join the MLM industry. MLM companies need to understand and know what motivates the distributors to achieve success and sustainability in their businesses. There is socio-economic value in MLM. It is a means of empowerment and poverty alleviation for unemployed and under-employed individuals in the society as it can generate an income for survival and stability. MLM also offers a flexible way of earning a supplementary income for those who are doing it on a part-time and full-time basis (Keong and Dastane, 2019).

LITERATURE REVIEW

In today's marketing system, MLM has evolved as an effective alternative to traditional, personal and affiliate marketing. MLM has proven to generate employment for individuals, allowing them to be financially empowered in giving them a source of income generation (Sobaih, Ghannam and Aliedan, 2021). Though there is growing acceptance of MLM in Africa, little research on the phenomenon has been conducted in Africa.

HOW MLM WORKS

MLM accomplishes sales, distribution and marketing engagement through distributors or salesforce teams. The system provides an opportunity to earn an income and build a career based on the team working together (Ulucam, Unusan and Canbolat, 2016; Backman and Hanspal, 2022). On the other hand, the distributor or salesperson recruits other members under his sponsorship (down-line). Hence, the bonus and commission are generated by the collective salesforce on the membership tree. Down-line sales are also accumulated and enable the up-line to earn a high commission. This approach fosters teamwork with the distributors (Jain, Singla and Shashi, 2015; Kumar and Satsangi, 2021; Liman, Aliyu and Halliru, 2020). At the same time, a significant difference between MLM and the traditional methods of personal sales is the possibility of one party receiving income from the sales of other members. Hence, it is any form of marketing that permits independent distributors to recruit additional sales sources and draw commission from the sales of those recruited (Ivashkova, Sidorchuk and Skorobogatykh, 2018; Vedavalli and Venkatramaraju, 2019). MLM can also refer to referral marketing, network marketing, pyramid selling or referral selling. It is a method and marketing strategy of product distribution using distributors to move the product from the company to the consumer (Mezie-Oscar and Dada, 2021). This innovative approach to marketing assists distributors in selling products to substantial numbers of customers (Gulabdin, Sung and Sondoh, 2020; Fluegel and King, 2022; Vedavalli and Venkatramaraju, 2019). MLM is powered by the distributors selling the products and services to consumers and recruiting new members (Ezekiel and Toba, 2020; Kumar and Satsangi, 2021). It has emerged as a business opportunity which has rapidly expanded in recent decades. It is a marketing strategy that is gaining

momentum worldwide (Okeke and Nwankpa, 2017). According to Ulucam, Unusan and Canbolat (2016), MLM prides itself on recruiting new members through independent distributors to foster continuity and expansion of the company and growth.

DISTRIBUTORS OF MLM

Distributors of MLM can be said to be business consultants, business associates, franchise owners, business owners or independent distributors. These are salesforce to build, motivate, supply, train and recruit agents encouraged by MLM companies to sell products or services and recruit new members. MLM distributors must demonstrate the products to potential new members for the consumer to be educated about the product (Loi and Lee, 2015). The MLM is hierarchical and at various levels, down-line and up-line distributors have access to order products directly from the organisation for personal use or sales. For every purchase, a point is attached to it. Furthermore, MLM distributors are usually independent demonstrators that distribute their products and recruit new members continually via non-traditional channels. Door-to-door sales, sales appointments, and product display events occur. Thus, such activities limit the involvement of the retail store, distribution reduction, and intermediary activity costs for the MLM companies (Albaum and Peterson, 2011; Choudhary and Kamal, 2013). The distributor is given a discount on the retail price.
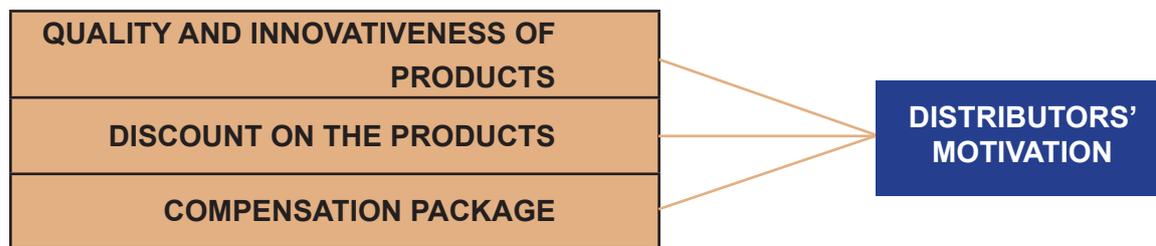
DISTRIBUTORS' MOTIVATION IN MLM

The decision to be a distributor in MLM requires motivation because motivation is a force that compels one into action. Motivation is an activated internal need state leading to goal-directed behaviours to satisfy that need (Roman *et al.,* 2021; Durmaz, 2017). Motivational factors significantly influence distributors to join MLM. Motivational factors refer to processes that describe the person's intensity and the persistence of effort towards achieving the desired goal (Meng and Jin, 2018; Roman *et al.,* 2021). In MLM, motivation will influence the distributor's attitude, where leaders are described as the instructor or sponsor, while members are those who support their leaders. Motives can be defined as relatively enduring, intense, and persistent internal stimuli that arouse and direct behaviour towards specific goals (Schiffman and Kanuk, 2011).

PROBLEM STATEMENT

The image of MLM companies has been damaged by false companies using the same schemes in the industry. The schemes from some companies often provide false expectations, exaggerated promises of returns, and other deceptive marketing practices (Grob and Vriens, 2017). As a result, distributors face a huge task in convincing people to participate in MLM marketing. Hence, the MLM distributors need to be highly motivated to get the job done. Distributors face the challenges of convincing themselves and customers to join MLM and, even when they have joined, to remain with them because people are skeptical over these lingering matters. Sulong, Caneza and Geetha (2017) claim that there are motivational drivers that push the distributors to engage in MLM. Research on motivational factors vis-à-vis the success of MLM companies is limited in South Africa. The absence of distributors would automatically be the end of any MLM companies. Therefore, attracting more distributors and retaining the existing ones becomes imperative for MLM companies.

CONCEPTUAL FRAMEWORK

The literature review served as the foundation for conceptualising this research. There were two sorts of variables discussed: dependent and independent variables. The framework describes the distributor's motivational factors that show dependencies on the independent variables. The independent variables identified are: quality and innovativeness of products; discount on the products; and compensation package.

QUALITY AND INNOVATIVENESS OF PRODUCTS
DISCOUNT ON THE PRODUCTS
COMPENSATION PACKAGE

DISTRIBUTORS' MOTIVATION

Source: Adapted and modified from Lee *et al*. (2016)

FIGURE 1: DISTRIBUTOR MOTIVATION DRIVERS

Figure 1 shows the dependency of distributors' motivation on three independent variables: quality and innovativeness of products; discount on products; and compensation. These three drivers are regarded as motivators for distributors to engage in MLM (Lee *et al*., 2016). A quality and innovative product is a prominent factor for any manufacturing company to remain in business. A company that produces quality product that satisfies end-users will stand the test of time. Moreover, discount on product is that distributor is paid a commission which is usually a percentage of the sales they achieve. In addition to earning a percentage of direct sales, a distributor can also earn additional percentages by recruiting additional distributors as part of their team member. The lucrative compensation plan of MLM is another crucial variable that motivates distributors to work in a committed manner. Keong and Dastane (2019) define compensation as a set of rewards offered by an organisation in return for people's willingness to execute various jobs and tasks within the company. An effective, profitable compensation policy propels the salesforce to put in their very best, enjoy the opportunity for extra income, obtain rewards, bonuses and incentives, and experience financial stability (Sulong, Caneza and Getha, 2017). Compensation is one of the critical factors in motivation, as an individual tends to accomplish their obligations when they receive adequate returns for their efforts (Myangi, 2014).

RESEARCH METHODOLOGY AND DESIGN

The quantitative research approach was employed to obtain quantitative data in order to address the research objective. Quantitative research, as described by Nassaji (2015), entails the collection of numerical data and offers a number of advantages. It is a good way to perform statistical calculations like hypothesis testing, chi-square tests, and t-tests. The variables are then measured on instruments to guarantee that statistical processes are used to analyse the data. The study was also cross-sectional in that data was collected once in a particular point in time. Cross-sectional studies encompass collecting information from any specified sample of population just once (Wiid and Diggines, 2015). The target population comprised distributors of different MLM companies within KZN province. These organisations included Tupperware, Longrich and Avon. The sample size of 368 participants was statistically determined to represent the population of MLM distributors in KZN. Sekaran and Bougie (2010) state that sample sizes larger than 30 and less than 500 are suitable for most researches. Non-probability sampling was used, and a convenience sampling method was adopted. The convenience sampling method makes it easier and faster to obtain information; it is economical; most suitable, appropriate and applicable for this study. The study employed questionnaires as the primary data-gathering instrument and this method was deemed convenient and appropriate for the study, given the geographical distribution of the respondents. The literature review and the objectives formed the basis on which the questionnaire was developed, which helped the researcher to develop the measuring instrument. The contents of the questionnaire were relevant to the study's theoretical framework, particularly those questions that utilised Likert-scale responses. Questions were structured in simple English for easy understanding. A 5-point Likert-scale of strongly agree, agree, neutral, disagree and strongly disagree options constituted the main part of the questionnaire. Questionnaires were administered electronically to the distributors using Survey-Monkey online platform. A total of 368 questionnaires were dispersed and administered to participants (distributors) within the KwaZulu-Natal province, and all questionnaires were valid as finalised. Therefore, a 100% response rate was attained for the study.

Reliability and validity are two essential aspects for establishing the precision of the study results. A reliability coefficient of 0.07 or higher is considered acceptable (Christ, 2012). Reliability is determined by responding to the same subject—the Cronbach Alpha scores for all items presented in the questionnaires. The computed reliability scores for all sections exceed the recommended Cronbach's alpha value of 0.70 for a newly develop construct as suggested by Bonett (2014). This indicates a degree of acceptable, consistent scoring for all sections of the research. The study's content validity was determined by ensuring that the questions aligned with the research objectives and literature review. The questionnaire was also pre-tested to ascertain that the questions were well-structured and that all respondents understood and could respond to them. The pre-test for the instrument entailed the administration of 10 questionnaires to distributors of MLM.

Ethical considerations such as properly informing the respondents about the research and securing informed consent were followed. Gatekeepers' permission was obtained from Tupperware, Longrich and Avon MLM companies before the study was conducted. As such, the data collection only commenced after ethical clearance was issued. Descriptive and inferential statistics were employed to present and analyse the data. Zikmund and Babin (2010) indicate that in the field of marketing, academics have generally used SPSS more than other statistical software packages since it is more user-friendly. As a result, the data was analysed and the relevant and necessary statistical tests were conducted using the SPSS statistical package (version 27).

FINDINGS AND DISCUSSION

This is a findings and discussion section. The section is divided into descriptive statistics and inferential statistics, with descriptive statistics presented first. The discussion is incorporated into the findings.

PRODUCT QUALITY AS A MOTIVATIONAL DRIVER FOR DISTRIBUTORS

Quality and innovativeness of products is a prime driver for distributors' motivation. Product features contribute to the motivation factors that motivate the distributor to join. MLM focuses mainly on innovative quality products, with a wide range of products to satisfy the consumer. Thus, product quality and service remain the most attractive element.

Most respondents (58.7%) agreed and 22% strongly agreed that the product quality of MLM companies was a motivational factor that influences distributors. A further 58.7% of respondents agreed and 26.4% strongly agreed that the products were innovative and suitable for use, while 54.6% agreed and 24.5% strongly agreed that products or services from MLM companies are very attractive and well-packaged. Devi and Kalaiselvi (2014) assert that product quality is considered a prime motivator for purchase and repurchasing. Moreover, 52.4% of respondents agreed and 32.9% strongly agreed that product demonstrations amongst customers, testing and verifying product claims, were elements that motivated purchases. Chaubey and Surbramanian (2013) established that a product that provides the opportunity to demonstrate its use and the opportunity to verify product claims are variables that satisfy the consumer. A further 52.2% agreed and 35.9% strongly agreed that product quality was a key factor in purchasing and repurchasing. A quality product is vital because distributors need to be confident to introduce others to the business because of the quality and innovation of a product which can solve customers' problems (Jain *et al*. (2015). On whether the MLM company provided products or services with complete labels and content, 50% of respondents agreed and 24.5% strongly agreed with the statement. Moreover, 47.6% of respondents agreed and 40.8% strongly agreed that they felt a sense of satisfaction when the products met their expectations and offered solutions to their problems. Sulong, Caneza and Geetha (2017) add that consumers want to derive instant and convincing solutions to their problems and want innovative and suitable products. The overall results indicate that respondents had a good perception of quality and innovative products and services from MLM companies.

TABLE 1: PRODUCT QUALITY AND INNOVATIVENESS

Statement	Response	Frequency	Percentage	Mean	Std. Dev.
Product quality of MLM company's is a motivational factor that influences distributors	Strongly Disagree	3	0,8	4,00	0,72
	Disagree	4	1,1		
	Neutral	64	17,4		
	Agree	216	58,7		
	Strongly Agree	81	22		
	Total	368	100		
The products are innovative and suitable for use	Strongly Disagree	6	1,6	4,08	0,75
	Disagree	2	0,5		
	Neutral	47	12,8		
	Agree	216	58,7		
	Strongly Agree	97	26,4		
	Total	368	100		
Product quality is considered as a key factor for purchasing and repurchasing					
	Strongly Disagree	3	0,8	4,21	0,74
	Disagree	5	1,4		
	Neutral	36	9,8		
	Agree	192	52,2		
	Strongly Agree	132	35,9		
	Total	368	100		
Product demonstrations among customers to test and verify product claims are elements that motivate purchase	Strongly Disagree	3	0,8	4,15	0,74
	Disagree	4	1,1		
	Neutral	47	12,8		
	Agree	193	52,4		
	Strongly Agree	121	32,9		
	Total	368	100		
I feel a sense of satisfaction when the products meet my expectations and offer solutions to my problems	Strongly Disagree	2	0,5	4,27	0,73
	Disagree	5	1,4		
	Neutral	36	9,8		
	Agree	175	47,6		
	Strongly Agree	150	40,8		
	Total	368	100		
The MLM company has provided product/Services with complete labels and content.	Strongly Disagree	3	0,8	3,95	0,80
	Disagree	9	2,4		
	Neutral	82	22,3		
	Agree	184	50		
	Strongly Agree	90	24,5		
	Total	368	100		
	Mean = 4,09, Std. Deviation = 0,53				

DISCOUNT ON PRODUCTS AS A MOTIVATIONAL DRIVER FOR DISTRIBUTORS

According to the results, most respondents agree with all the statements measuring whether discounts on the products can motivate distributors. There are 53.3% of respondents that agree and strongly agree (34%) that discounts given to distributors has made them continue in multi-level marketing business. Silcox (2014) specifies that discounted products are one of the reasons they started to launch their direct selling business. Then, there are 51.1% of respondents that agree and strongly agree (34.8%) that discounts received by MLM motivates distributors, while 49.2% agree and strongly agree (35.9%) that distributors can make profits on discounted products. Also, 48.9%

of respondents agree and strongly agree (32.9%) that discounts on products given by the MLM company makes distributors happy. Selling the product at a higher price than the discounted rate provides the distributor with their profit (Keong and Dastane, 2019).

TABLE 2: DISCOUNTS ON PRODUCTS GIVEN BY THE MLM COMPANIES

Statement	Level of Agreement	Frequency	Percentage	Mean	Std. Dev.
Discounts on products given by the MLM company's make distributors happy	Strongly Disagree	5	1.4	4.10	0.82
	Disagree	7	1.9		
	Neutral	55	14.9		
	Agree	180	48.9		
	Strongly Agree	121	32.9		
	Total	368	100		
Distributors can make profits on discounted products	Strongly Disagree	3	0.8	4.18	0.77
	Disagree	6	1.6		
	Neutral	46	12.5		
	Agree	181	49.2		
	Strongly Agree	132	35.9		
	Total	368	100		
Discounts received by MLM motivate distributors	Strongly Disagree	2	0.5	4.18	0.73
	Disagree	4	1.1		
	Neutral	46	12.5		
	Agree	188	51.1		
	Strongly Agree	128	34.8		
	Total	368	100		
Discounts given to the distributors have made them continue in the MLM business	Strongly Disagree	3	0.8	4.19	0.72
	Disagree	2	0.5		
	Neutral	42	11.4		
	Agree	196	53.3		
	Strongly Agree	125	34		
	Total	368	100		
	Mean =4.16, Std. Deviation =0.62				

Thus, it can be said that not so many respondents disagreed with the statements that measure whether discounts on products motivate distributors. The overall results reveal that most respondents agree that discounts on products can encourage distributors to continue with MLM. However, the correlation between discount on products and distributor motivation is not so significant. This corresponds with the results of a study shown by Sulong et al. (2017), which specifies the least hypotheses and negatively related determinants for distributor motivation. As a result, this factor only moderately influences distributor motivation in MLM since the level of correlation was moderate when compared to other determinants encompassed in the study.

COMPENSATION PACKAGE AS A MOTIVATOR OF DISTRIBUTORS

Most respondents (55.2%) agreed and strongly agreed (28.3%) that the attractive compensation plan motivated distributors of MLM marketing. Geetha (2017) asserts that an effective, profitable compensation policy propels the salesforce to put in their very best, enjoy the opportunity for extra income, obtain rewards, bonuses and incentives, and experience financial stability A further 54.1% of respondents agreed and 36.1% strongly agreed that they felt a sense of joy working at their own pace, being their own boss and achieving personal goals. Some 53% of respondents agreed and 32.1% strongly agreed that the opportunity to earn an income gave financial satisfaction and security to

distributors; while 50.8% agreed and 34.2% strongly agreed that bonuses, incentives and commission made MLM more attractive to distributors. Myangi (2014) argue that Compensation is one of the critical factors in motivation, as an individual tends to accomplish their obligations when they receive adequate returns for their efforts. A further 47% of respondents agreed and 31% strongly agreed that there was an opportunity to travel globally by being a MLM distributor. Not many respondents disagreed with the statements on the compensation package provided by MLM. In conclusion, the overall results indicate that respondents had a good perception of the attractive compensation packages of MLM. The attractiveness of the compensation plan and reward policy of MLM firms become the biggest motivator for distributors, with an opportunity to grow their individual incomes and develop their entrepreneurial careers (Nga and Mun 2011; Koroth and Sarada, 2012; Meng and Jin, 2018). The following inferential tests were performed to assess the various factors that contribute to distributor motivation in MLM.

STANDARD MULTIPLE REGRESSION

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

Normality

A normality test was conducted to confirm if the data was well distributed. Kline (2015) recommended that the indicators' skewness and kurtosis values should be below ±3 and ±10, respectively. The assumption of univariate normality was met because the skewness and kurtosis of the constructs' values fell within Kline's (2015) recommended threshold. Justification for running a multicollinearity test in multilevel marketing is crucial because it helps to identify and address issues related to the correlation between independent variables. Multicollinearity occurs when independent variables in a regression model are highly correlated with each other, which can lead to biased and unreliable estimates of the relationships between the independent variables and the dependent variable. In this study, by running a multicollinearity test, researchers assessed the extent of collinearity among independent variables and take appropriate steps to mitigate its effects, such as by dropping redundant variables or using regularization techniques. For this reason, conducting a multicollinearity test in a multilevel marketing study is important to ensure the validity and reliability of the statistical models used in analyzing the relationships between variables at different levels of analysis. This also helps to improve the robustness of the results and enhances the overall interpretability of the findings in multilevel marketing research study.

TABLE 3: NORMALITY AND MULTICOLLINEARITY

Normality test		
	Skewness	Kurtosis
Distributor motivation	-0.674	1.186
Quality and innovative product	-0.932	2.300
Compensation package	-0.789	2.335
Discount on product	-0.769	1.866
Collinearity statistics		
	Tolerance	VIF
Quality and innovative product	0,530	1,886
Compensation package	0,476	2,101
Discount on product	0,557	1,795

Multicollinearity

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

CORRELATION ANALYSIS

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

The results in Table 4 indicate that there is a positive and significant correlation between all the constructs. The results show that all factors were significantly correlated to the determinant of distributors' motivational factors in MLM. The correlation between the constructs was strong. For instance, there is a significant correlation between distributor motivation and quality and innovative product (r=0.536**; p<0.001); and between quality and innovative product and compensation package (r=0.615**; p<0.001). Hence, it can be concluded that all the factors are correlated with distributor motivation to engage in MLM.

TABLE 4: CORRELATIONS

		Distributor motivation	Quality and innovative product	Compensation package	Discount on product
Distributor motivation	Pearson r	1			
	P-value (2-tailed)				
Quality and innovative product	Pearson r	.536**	1		
	P-value (2-tailed)	0.000			
Methods of identifying	Pearson r	.118*	0.023		
	P-value (2-tailed)	0.024	0.657		
Compensation package	Pearson r	.516**	.615**	1	
	P-value (2-tailed)	0.000	0.000		
Up-line and management support	Pearson r	.472**	.545**	.539**	
	P-value (2-tailed)	0.000	0.000	0.000	
Discount on product	Pearson r	.369**	.551**	.625**	1
	P-value (2-tailed)	0.000	0.000	0.000	

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

There is a positive correlation between distributor motivation and innovativeness of the product. The means good quality products that are innovative gives the distributors some motivation to engage in MLM because the products become competitive in the marketing and thus making the job for distributors in finding clients easier. Srilekh and Rao (2016) identify quality and innovative products as factors that motivate distributors. Similarly, Jain *et al.* (2015) and Sulong *et al.* (2017) established that quality and innovative products were the most influential factors motivating distributors.

Compensation package is positively correlated with price discounts on products. This means the more price discounts offered to distributors, the more their compensation package is boosted. A significant relationship was found between an attractive compensation package and distributor motivation. The variables had substantial values and the results displayed that most respondents agreed that they considered compensation reward a motivating factor. The correlation between compensation package and distributor motivation is directly related to proportionality. This indicates that the compensation package influences distributors. Overall, an attractive compensation package, as shown by the results, indicated that it had a significant positive relationship. This agreed with the literature review and supported the general notion that states that financial reward is a motivational factor that encourages people to join MLM industries (Keep and Vander Nat, 2014; Lee and Loi, 2016; Sethi, Chhimpa and Khinvasara, 2015). Therefore, the attractiveness of the compensation plan and reward policy of MLM firms become the most lucrative motivator in recruiting distributors, with an opportunity to grow individual income and entrepreneur career development to join and remain in the MLM business (Nga and Mun, 2011; Keong and Dastane, 2019; Koroth and Sarada, 2012; Meng and Jin; 2018; Liman, Aliyu and Halliru, 2020).

MODEL EVALUATION

Model evaluation is an essential aspect of ensuring the success and effectiveness of a company's innovative product, discount, and compensation package. It involves analysing and assessing various factors to determine the overall quality and performance of these offerings. Additionally, model evaluation plays a crucial role in ensuring that a company's product, discount, and compensation package are effective and successful in meeting the needs and expectations of customers and employees. By constantly monitoring and evaluating these offerings, businesses can make informed decisions to drive growth and success. A standardised multiple-linear regression test was conducted to evaluate the impacts of predictors (discount on the product, quality and innovative product and compensation package) on the dependent variable (distributor motivation). The results show that the model predicting distributor motivation is statistically significant ($F=43.661$; $R2=0.376$; $p<0.001$). This result suggests that these predictors (quality and innovative product, compensation package, and discount on products) explain up to 37.6% in the variance of distributor motivation.

TABLE 5: MODEL PREDICTING DISTRIBUTOR MOTIVATION

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

a. Predictors: (Constant), Discount on the product, Quality and innovative product, compensation package

b. Dependent Variable: Distributor motivation

TABLE 6: MODEL PREDICTING DISTRIBUTOR MOTIVATION

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

a.Dependent Variable: Distributor motivation

b. Predictors: (Constant), Discount on the product, Quality and innovative product, compensation package

RECOMMENDATIONS

Quality and innovative product was shown to exert the greatest influence on distributors' motivation. Therefore, MLM companies must continue to offer innovative and quality products for their customers which is the reason for purchase and repurchasing. This will make it easier for distributors to be able to confidently tell more individuals about the business. The study suggests that all the motivational factors identified in this study should be focused on motivating distributors to do their best in the business for growth and development. The more motivated the distributors are, the more productivity the company will enjoy.

Compensation package was also found to be a driving factor for motivating the distributors to be successful in MLM. MLM companies should further improve on compensation packages (bonuses, commission, incentives, discount and rewards) offered to distributors in order for distributors to be more committed and motivated to continue to sell products and recruit more members. This was considered an important influence by study respondents. This is because the packages are a form of rewarding their efforts and usually the more effort they put, the higher the compensation package. However, according to Maslow's hierarchy of needs, it all depends on the level of needs satisfaction up or down the pyramid. The higher order needs such as self-esteem and self-actualization may not consider compensation package as a motivator. Compensation packages should therefore be customised to appeal to different distributors in unique and effective ways. Since majority of respondents indicated that compensation package is indeed a motivation driver, this implies that most participants in MLM are from lower to mid income levels in KwaZulu-Natal. MLM companies can also consider to appeal to distributors from higher income groups and relevant motivators be provided. More so, further research can explore the effectiveness of different motivational strategies used by MLM companies in KwaZulu-Natal and their impact on distributor and customer satisfaction.

The study recommends MLM companies to remain innovative and produce quality products that meet or even exceed expectations of distributors to drive their motivation. Compensation packages can be tailored to suit the criteria of individuals to appeal to different people in unique and effective ways that drive motivation. Therefore, these factors are useful in helping and motivating distributors to engage in MLM and ensure the best recruitment of new members into the business and their retention. This may be important in contributing to and enhancing distributors' satisfaction. A focus on these factors could contribute to the growth and expansion of the business, given that all these variables are determinant components of distributors' motivation to engage in MLM. In light of the aforementioned, various authors such as Bosley and McKeage (2015), Jain *et al.* (2015), Keep and Vander Nat (2014), Koroth and Sarada (2012), Lee *et al.* (2016), Liman *et al.* (2020), Srilekha and Suma Rao (2016); and Sulong *et al.* (2017) also affirmed that all these drivers contributed significantly to the development, growth and expansion of the MLM business.

CONCLUSION

The study found that quality and innovative product is a key driver of distributor motivation. A significant relationship was found between this factor and distributor motivation. An attractive compensation package also played a significant role in motivating distributors. The attractiveness of compensation plans and reward policies in MLM firms was found to be a lucrative motivator. However, discounts on products had less significant relationship with distributor motivation, but a significant correlation was found. These findings align with previous research on distributor motivation. The results showed that distributor motivation is driven the most by the quality and innovativeness of products. Compensation package is also a significant driver of distributor motivation, while price discounts on products were found to have a moderate influence.

REFERENCES

Backman, C. and Hanspan, T. 2022. Participation and losses in multi-level marketing: Evidence from a Federal Trade Commission settlement. *Financial Planning Review.*https://doi.org/10.1002/cfp2.1137.

Bonett, G. 2014. Cronbach's alpha reliability: Interval estimation, hypothesis testing, and sample size planning. *Journal of Organizational Behavior*, 36 (1): 3-15.

Cardenas, D. and Fuchs-Tarlovsky, D. 2018. Is MLM of nutrition supplements a legal and ethical practice? *Clinical Nutrition,* 25(1): 133-138.

Chaubey, D.S. and Surbramainan, K.R. 2013. Consumer behavior towards celebrity endorsement of products and services*. International Journal of Research in Commerce and Management.* 4 (2013): 06.

Christ, P. 2012. *Research validity and reliability* Available: htt://www.knowthis.com/principlals-of-marketing-research/research-validity-and reliability [Accessed 15 March 2021].

Devi, N. R. and Kalaiselvi, S. 2014. A study on consumers' preference and satisfaction towards AMWAY nutrition products with special reference to Coimbatore City. *Global Journal for Research Analysis*, 3 (10): 25-26.

Durmaz, Y. 2014. The impact of psychological factors on consumer buying behavior and an empirical application in Turkey*. Asian Social Science*, 10 (6): 194-204.

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

Fluegel, S and King, K. 2022. Workfromhome: how multilevel marketers enact and subvert federal language policy for profit. Springer, 21:121–154.

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

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

Ivashkova, N., Sidorchuk, R. and Skorobogatykh. 2018. Studying distributor- consultant 'involvement into MLM business in the Russian perfume and cosmetics market. *RevisteESPACIOUS.COM,* 39 (33): 1-22.

Jain S, Singa, B. and Shashi S. 2015. Motivational factors in the MLM business: A confirmatory approach. *Management Sciences Letters*, 5 (1): 903-914.

Kalra, S., Kondepudi, M. and Sridharan. 2016. Consumer attitude towards network marketing in a global scenario. *International Research Journal,* 4 (12): 1-14.

Keep, W. W and Vander Nat, P.J. 2014. MLM and pyramid schemes in the United States an historical analysis. *Journal of Historical Research in Marketing,* 6 (2): 188-210.

Keong, L. S. and Dastane, O. 2019. Building a sustainable competitive advantage for multi-level marketing (MLM) firms: An empirical investigation of contributing factors. *Journal of Distribution Science,* 17 (3): 5-9.

Khare, A. and Verma, P. 2016. MLM a way for achieving good social position by personality development. *International Journal Application or Innovation in Engineering and Management,* 5 (9): 262-270.

Kline, R.B. 2015. Statistical notes for clinical researchers: assessing normal distribution (2) using skewness and kurtosis. *Restorative Dentistry & Endodontics*, 38 (1): 52- 54.

Koroth, A. A. and Sarada, A.K. 2012.Significance of relationship in MLM and its effect on business outcome. *Journal of Business and Management,*.3(6): 26-36.

Kosnarova, Z. 2017. *Marketing mix in multilevel marketing companies. Advances in economics, risk management, political and law science.* Available: https://silo.tips/download/advances-in-economics-risk-management-political-and- law-science-4. [Accessed 18 November 2020].

Kumar, A and Satsangi, A. K. 2021. Factors Responsible for Joining MLM Business and Relation of Mode of Association with Networker's Satisfaction*. International Research Journal of Business Studies*, 8 (1) 49-57. *Language Teaching Research*, 19: 129-132.

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

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

Liman, A., Aliyu, S. and Halliru, M. 2020. Moderating role of job satisfaction on the relationship between MLM and distributors retention: A pilot study. *Ilorin Journal of Human Resource Management,* 4 (1): 160-170.

Meng, A. T. and Jin, G. P. 2018. Malaysia generation Y'S perceptions and attitudes towards multi-level marketing (MLM) career option. *Journal of Humanities, Language, Culture and Bussiness,* 2 (8): 162-171.

Mezie-Oscar, V. O;Dada D.A . 2021. Assessing the Relationship Between Multilevel Marketing and Employment Reduction in Ondo State, Nigeria. *European Journal of Business and Management,*13(21) 46-53.

Myangi, P. K. 2014. *The effect of compensation on employee motivation: a case study of chloride exide*. Master in Business Administration Project Report. Nairobi: The United States International University.

Nassaji, H. 2015. Qualitative and descriptive research: Data type versus data analysis. *Language Teaching Research*, 19: 129-132.

Nga, K.H. J. and Mun, W.S. 2011. The influence of MLM companies and agent attributes on the willingness to undertake multilevel marketing as a career option among youth, *Journal of Research in Interactive Marketing*, 5(1): 50-70.

Okeke, R.C. and Nwankpa, L.O. 2017. The accounting fundamentals of MLM, income security and the poverty challenge in Nigeria. *World Scientific News,* 77(2): 281- 297.

Pallant, J. 2010, *SPSS Survival Manual*, 4th ed. Mc Graw Hill.

Reingewertz Y (2021) An economic model of multi-level marketing. PLoS ONE 16(7): e0253700. https://doi.org/10.1371/journal. pone.0253700

Roman, M.; Wasiak, M.; Roman, M.; Roman, K.; Niedziółka, A.; Krasnod ̧ebski, A.; Królak, S. Essence of the Compensation Plan in the Process of Motivation in Multi-Level Marketing (MLM). A Case Study. *Sustainability 2021, 13, 8738.* https://doi.org/10.3390/ su13168738.

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

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

Sethi, R., Chhimpa, A. and Khinvasara, D. 2015. Multi-level mischief- a myth or reality. *International Journal of Recent Research Aspects, 2(4)60-64.*

Sobaih, A.E., Ghannam, S.H. & Aliedan, M.M. (2021). Examining the Challenges and Opportunities of Multi-Level Marketing for Resort Hotels: A Delphi Study. *African Journal of Hospitality, Tourism and Leisure*, 10(2):759-775. DOI: https://doi.org/10.46222/ajhtl.19770720-131.

Srilekha, V. and Rao, U.S. 2016. Distributor motivations in joining network marketing company, AMWAY. *Imperial Journal of Interdisciplinary Research,* 2 (11): 2042- 2049.

Sulong, R. S., Caneza, C. and Geetha, C. 2017. Factors influencing intention to become Avon dealers: A case study in Sandakan, Sabah. *Proceedings of International Conference on Economics,* 99 (2): 357-376*.*

Ulucam, S., Unusan, C. and Canbolat, M. 2016. Achievement of distributors in MLM and an analysis of factors affecting work satisfaction. *International Conference on Business, Economics, Social Sciences and Humanities,* 10 (1): 1-12.

Vedavalli, O. and Venkatramaraju, M. 2019. Determinants of distribution's satisfaction on multi-level marketing (MLM) Strategies. *International Journal of Recent Technology and Engineering,* 8 (4): 3.

Wild, J. and Diggines, C. 2015. *Marketing research*. 3rd ed. Cape Town: Juta.

Zikmund, W and Babin, B. 2010. *Exploring marketing research*. 10th ed. Mason: South- Western Cengage Learning.