Multi-Level Marketing Firm Research and Industry Development: A Systematic Literature Review

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Abstract

Multilevel marketing (MLM), network marketing, and network marketing direct sales organizations are some of the terms used to describe in the related direct selling industry. The network marketing industry is rapidly expanding, particularly during times of crisis, and is quickly becoming a popular opportunity among other industries. It is a fantastic opportunity for people who want to start a business but lack the necessary capital. It also allows them to improve their presentation, communication, motivation, and interpersonal skills. This research paper aims to understand the mapping of MLM research topics by examining various research papers from well-known and trusted digital libraries. This systematic literature research paper can serve as a reference for future research on the Multilevel Marketing industry. Based on these findings, the MLM industry's management and strategy research is largely unexplored and there is still a significant and necessary gap in research on the MLM industry.

Keywords

Multilevel Marketing, Direct Sales, Business Strategy, Management.

Introduction

Several terms are used to describe it, including multilevel marketing (MLM), network marketing, and network marketing direct sales organizations (NMDSOs). However, MLM

is a direct selling retail distribution channel (Albaum & Peterson, 2012). According to Keep & Nat (2014), direct selling grew in popularity from 1950 to 1980, and historical analysis of the transition from an industry that began by retailing products to general consumers to an MLM model that emerge to be heavily reliant on selling itself.

The network marketing industry is rapidly growing, particularly in times of crisis, and is swiftly becoming a popular opportunity among other industries (Keep & Nat, 2014; Selamet & Prabowo, 2020). It is a great opportunity for people who want to start a business, but do not have the capital to get started, also allows them to improve their presentation, communication, motivation, and interpersonal skills. Many people uncover their full sales potential and skills after joining a good MLM network (Sreekumar, 2007).

Several studies on MLM discussed the contribution of the MLM industry to the global community, but not a few irregularities that occur, unscrupulous pyramid and Ponzi schemes aimed at quick and unsustainable profits tainted the perception of MLM (Nga & Soo, 2011). When compared to legal, ethical, and trust topics in the industry, there is not much MLM research related to managerial, development strategies (Bosley & McKeage, 2015; Keong & Dastane, 2019). This research paper aims to understand the mapping of MLM research topics by examining various research papers from well-known and trusted digital libraries. So that it can open up the opportunities for various research about the industry in the future.

If the direction of MLM research develops with more constructive topics such as MLM business strategy and management, then knowledge about MLM will be more liven up and grow, so that people will understand this industry more thoroughly and comprehensively. This systematic literature research paper can serve as a reference for future research on the Multilevel Marketing industry. Research on management and strategy in the MLM industry remains largely unexplored.

Methodology

Literature reviews are important as a foundation for all types of research because they can form the basis of knowledge development, create policy and practice guidelines, provide evidence of the effect or influence, and have the potential to generate new ideas and directions for a particular field. This study utilized a systematic literature review study approach based on Snyder (2019). Several processes are involved in the preparation of this paper, including designing the review, conducting the review, analysis and writing the review.

Search Process

Determine a reliable source database to find MLM articles and selected 8 database sources as follows: ACM, Emerald, IEEE, ScienceDirect, Springer, Sage, Taylor dan Francis, Wiley. Perform papers search with the keywords "Network Marketing" OR "Multilevel Marketing" OR "Direct Selling".

Conducting the Review

A total of 495 articles were retrieved from 8 reliable database sources using predetermined keywords, articles on MLM published between 1995 and 2019. In the first stage, papers are selected based on criteria that are inclusive and exclusive. As inclusive criteria, the topics must be relevant to MLM and network marketing and must be indexed by Scopus. Exclusive criteria include direct selling topics that are not available through the MLM system or membership, multi-channel sales, node-to-node network sales, and duplicate articles. This is accomplished by thoroughly reading the abstracts of each existing paper, followed by a brief review and conclusion of each research articles.

Data Extraction

Following the article selection process with inclusive and exclusive criteria, 85 candidate articles were chosen from the 495 selected articles. A total of 67 articles were selected for analysis and evaluation after carefully examining each article and separating those that were less relevant to the MLM topic and duplicated articles, the summarized as shown in table 1.

Table 1 Data extraction details

Source	Studies Found	Candidate Studies	Selected Studies
ACM Digital Library	16	1	1
Emerald Insight	69	19	13
IEEE Xplore	39	2	1
Science Direct	76	27	19
Springer	37	6	4
Sage	97	9	9
Taylor and Francis	15	9	9
Wiley Online Library	146	12	11
Total	**495**	**85**	**67**

Result and Discussion

Despite the fact that the number of research articles on MLM is not excessive, it can be seen that research on MLM tends to increase as shown in table 2.

Table 2 MLM Research Graphic

MLM Research Trends
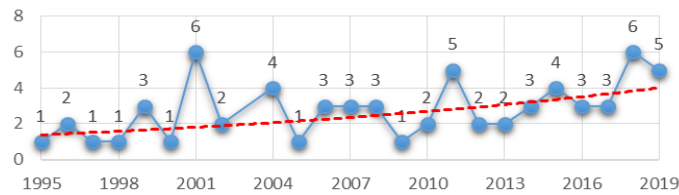
Only Scopus indexed journals or proceedings are chosen as selected research articles by using the Quartile and H Index to identify Scopus indexed journals via https://www.scimagojr.com. An extensive list of 50 journals and proceedings that publish research articles about the MLM industry is shown in table 3.

Table 3 Publication details of the MLM Article

No	The Journal	Quartile	H Index	# Paper	%
1	Business Horizons	Q1	76	4	6.0%
2	Journal of Business Research	Q1	179	3	4.5%
3	Journal of Personal Selling and Sales Management	Q1	63	3	4.5%
4	Marketing Intelligence and Planning	Q2	64	3	4.5%
5	Physica A: Statistical Mechanics and its Applications	Q2	151	3	4.5%
6	American Ethnologist	Q1	74	2	3.0%
7	Critique of Anthropology	Q2	42	2	3.0%
8	Journal of Business Ethics	Q1	168	2	3.0%
9	Journal of Consumer Marketing	Q1	91	2	3.0%
10	Journal of Public Policy and Marketing	Q1	70	2	3.0%
11	Kasetsart Journal - Social Sciences	Q2	10	2	3.0%
12	Administrative Science Quarterly	Q1	175	1	1.5%
13	Anthropology of Work Review	Q3	14	1	1.5%
14	Baltic Journal of Management	Q2	25	1	1.5%
15	Clinical Nutrition ESPEN	Q3	12	1	1.5%
16	Communications in Nonlinear Science and Numerical Simulation	Q1	105	1	1.5%
17	Contributions to Indian Sociology	Q3	25	1	1.5%
18	Cultural Anthropology	Q1	71	1	1.5%
19	Data Technologies and Applications	Q2	28	1	1.5%
20	Decision	Q1	13	1	1.5%
21	Discourse and Society	Q1	68	1	1.5%
22	Expert Systems with Applications	Q1	184	1	1.5%
23	Family Business Review	Q1	96	1	1.5%
24	IEEM 2009 - IEEE International Conference on Industrial Engineering and Engineering Management	NQ	12	1	1.5%
25	International Business Review	Q1	87	1	1.5%
26	International Journal of Hospitality and Tourism Administration	Q2	26	1	1.5%
27	International Journal of Production Economics	Q1	172	1	1.5%
28	International Journal of Research in Marketing	Q1	95	1	1.5%
29	International Journal of Retail and Distribution Management	Q1	73	1	1.5%
30	International Marketing Review	Q1	83	1	1.5%
31	Journal of Business and Technical Communication	Q1	36	1	1.5%
32	Journal of Historical Research in Marketing	Q3	13	1	1.5%
33	Journal of Marketing	Q1	233	1	1.5%
34	Journal of Marketing Channels	Q2	19	1	1.5%
35	Journal of Marketing Management	Q1	53	1	1.5%
36	Journal of Organizational Behavior	Q1	164	1	1.5%
37	Journal of Research in Interactive Marketing	Q2	31	1	1.5%
38	Journal of Research in Marketing and Entrepreneurship	Q3	19	1	1.5%
39	Journal of Small Business and Enterprise Development	Q1	61	1	1.5%
40	Journal of Small Business Management	Q1	103	1	1.5%
41	Journal of the Academy of Marketing Science	Q1	159	1	1.5%
42	Marketing Education Review	Q3	4	1	1.5%
43	Medical Anthropology Quarterly	Q1	52	1	1.5%
44	Procedia - Social and Behavioral Sciences	NQ	46	1	1.5%
45	Proceedings of the ACM Conference on Electronic Commerce	NQ	59	1	1.5%
46	Production and Operations Management	Q1	102	1	1.5%
47	Social Anthropology	Q1	37	1	1.5%
48	Sociological Quarterly	Q2	59	1	1.5%
49	Sociology Compass	Q1	26	1	1.5%
50	Western Journal of Communication	Q1	41	1	1.5%

The theoretical foundations used in 67 research articles on MLM have been identified, it was found that Trust-Commitment Theory, Social Cognitive Theory and Consumer Referral Theory were most commonly used among the 28 lists of theoretical foundations as shown in table 4.

Table 4 List of Theoretical Foundations

No	Theory	#	%
1	Commitment-Trust Theory	4	12.12%
2	Social Cognitive Theory	2	6.06%
3	Theory of Consumer Referral	2	6.06%
4	Continuum Theory	1	3.03%
5	Convergent Theory	1	3.03%
6	Cognitive Dissonance Theory	1	3.03%
7	Entrepreneurship Theory	1	3.03%
8	Expectancy Theory	1	3.03%
9	Game Theory	1	3.03%
10	Institutional Theory	1	3.03%
11	Long Tail Theory	1	3.03%
12	Necessity Theory	1	3.03%
13	Role theory	1	3.03%
14	Relationship Marketing Theory	1	3.03%
15	Rhetorical Theory	1	3.03%
16	Signal Theory	1	3.03%
17	Social Exchange Theory	1	3.03%
18	Social Identity Theory	1	3.03%
19	Social Theory	1	3.03%
20	Socialization Theory	1	3.03%
21	Stress Theory	1	3.03%
22	Self-verification Theory	1	3.03%
23	Theory of Institutions	1	3.03%
24	Theory of Planned Behavior	1	3.03%
25	Theory of Financial Risk	1	3.03%
26	Theory of Interest Relationships	1	3.03%
27	Traits Theory	1	3.03%
28	Uncertainty Reduction Theory	1	3.03%

An in-depth review of the systematic literature on multilevel marketing (MLM) was also conducted. Identified 55 topics, with Business Models, Laws and Ethics, Pyramid Schemes, Social Benefits, and Trust being the five most frequently discussed in research articles. The most significant obstacle to the development of MLM is the public's negative perception of MLM, which implicitly raises the issue of public distrust of MLM. Further investigation reveals that this issue is caused by unethical practices in MLM business development, attempts to defraud the Ponzi system, and ambiguous law enforcement processes (Cardenas & Fuchs-Tarlovsky, 2018; Groß & Vriens, 2016; Koehn, 2001; Olazabal, Cava, & Sacasas, 2001; Vander Nat & Keep, 2002).

Table 5 List of MLM Research Topics

No	Discussed Topics	#	%
1	Business Model	9	8.18%
2	Law, Legal and Ethics	8	7.27%
3	Pyramid Scheme	8	7.27%
4	Social Benefit	7	6.36%
5	Trust	7	6.36%
6	Reward Scheme	6	5.45%
7	MLM Entrepreneurship	5	4.55%
8	Friendship	3	2.73%
9	MLM Phenomena	3	2.73%
10	Commitment	2	1.82%
11	Communication	2	1.82%
12	Cultural Perspective	2	1.82%
13	Digital Adoption	2	1.82%
14	Economic Benefit	2	1.82%
15	Internal Consumption	2	1.82%
16	Job Performance	2	1.82%
17	Self-efficacy	2	1.82%
18	Attractive Markets for Direct Selling	1	0.91%
19	Business Model Adoption	1	0.91%
20	Business Process	1	0.91%
21	Career Option	1	0.91%
22	Company Profile	1	0.91%
23	Customer perception	1	0.91%
24	Direct Selling Perception	1	0.91%
25	Distributor Retention	1	0.91%
26	Firm Performance	1	0.91%
27	Intention to repurchase	1	0.91%
28	Leadership	1	0.91%
29	Lifestyle Habits	1	0.91%
30	Locus Control	1	0.91%
31	MLM Perception	1	0.91%
32	Motivation	1	0.91%
33	Perceived advantages	1	0.91%
34	Personal Traits	1	0.91%
35	Pricing Strategy	1	0.91%
36	Products Quality	1	0.91%
37	Purchase Behavior	1	0.91%
38	Purchase Decision	1	0.91%
39	Reciprocity	1	0.91%
40	Recruiting	1	0.91%
41	Relationship	1	0.91%
42	Relationship Marketing	1	0.91%
43	Repurchase Intention	1	0.91%
44	Return Policy	1	0.91%
45	Role	1	0.91%
46	Self-Employment	1	0.91%
47	Selling Strategy	1	0.91%
48	Service	1	0.91%
49	Shared Values	1	0.91%
50	Skills	1	0.91%
51	Social Connection	1	0.91%
52	Social Media	1	0.91%
53	Stress	1	0.91%
54	Technology adoption	1	0.91%
55	Turnover Intentions	1	0.91%

Investigates which countries are the scope of MLM research, and where history claims that the origin of this MLM business concept is from the United States (Keep & Nat, 2014). And the results of the literature review revealed that research on MLM was mostly conducted in the United States (38.6%), the United Kingdom or England (8.6%), and China (7.1%). There has been very little research done in Asian countries, despite the fact that the MLM industry is growing rapidly in the region (Lan, 2002; Thammakoranonta, Jarusamanya, & Chayawan, 2014). The complete sequence of data shown in table 6.

Table 6 List of MLM Research Scope Countries

No	Country	#Paper	%
1	United Stated - USA	27	38.6%
2	England - UK	6	8.6%
3	China	5	7.1%
4	Australia	4	5.7%
5	Thailand	4	5.7%
6	Global	3	4.3%
7	India	3	4.3%
8	Malaysia	3	4.3%
9	Hongkong	2	2.9%
10	Korea	2	2.9%
11	Philippine	2	2.9%
12	Taiwan	2	2.9%
13	Costa Rica	1	1.4%
14	European	1	1.4%
15	Kenya	1	1.4%
16	Lithuania	1	1.4%
17	Maldives	1	1.4%
18	Mexico	1	1.4%
19	Siberia	1	1.4%

Conclusions

Results of Systematic Literature Review research on MLM industry show several important points and can be used as a basis for future research. Globally, there has been a steady increase in the MLM industry research over the last 24 years, but the growth has not been too significant. For this reason, further research on MLM is needed, so that it can add scientific references to MLM knowledge in order to make the greatest contribution in line with industry development.

According to the topic of discussion of existing research, it can be concluded that the unit of analysis in MLM business research tends to be Direct Sellers, Members, Partners, and Distributors individually. It is very rare to conduct research with the analysis unit of MLM Companies, both on managerial and corporate strategy. In the last 10 years, there

has been no research on the governance and strategic management of a MLM company in Scopus indexed scientific articles.

Based on these findings, there is still a large and necessary gap in research on the MLM industry.

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