Title Page
SOCIO-ECONOMIC FACTORS AFFECTING THE ACCEPTANCE OF MULTI-LEVEL MARKETING (MLM) IN KANO METROPOLIS

BY

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DECLARATION

I hereby declare that this work is the product of my own research efforts; undertaken under the supervision of Dr. Mukhtar Halliru and has not been presented and will not be presented elsewhere for the award of a degree. All materials consulted were dully acknowledged by means of references.
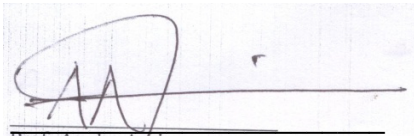
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APPROVAL

This dissertation entitled "Socio-Economic Factors Influencing the acceptance of Multi-Level Marketing (MLM) in Kano Metropolis" by Amina Muhammed Liman (SPS/10/MMN/00019), has been examined and approved for the award of Master of Science (M.Sc.) degree in Management.

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DEDICATION

This thesis is dedicated to the Almighty ALLAH

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ABSTRACT

Multilevel Marketing (MLM) is a model of marketing under the umbrella of direct selling that is growing rapidly. It is a marketing model that leverages on the activities of others. It is also a business model that has not being fully tapped in Nigeria due to lack of understanding thereby leading to unacceptability. This study looked at the socio-economic factors affecting the acceptance of MLM in Kano metropolis. Two hundred and fifty one (251) copies of structured questionnaire were administered and all of them were found to be worthy of analyses. The study analyzed the data using Chi square statistical tool and t-test was used to test the hypotheses at 0.05 level of significance. The findings of the study indicate that two of the five (5) Null Hypotheses formulated were rejected (income and awareness).Therefore, income and awareness are important factors that determine the acceptance of MLM in Kano metropolis. The study concludes that age, marital status, and gender are not significant when deciding to accept MLM. It is therefore recommended that both the companies and distributors should consider the level of income of the populace; all the operating MLM companies should put their hands on deck and harness the available resources to create awareness for the business and lastly Government should pay more attention to MLM business in Nigeria as a whole because it is an industry that can generate good revenue.

CHAPTER ONE

INTRODUCTION

1.1   Background to the Study

In today's modern business world, where every business organization needs marketing, there is the need for organizations to market their products and services to earn profit and remain relevant. Without marketing an organization is out of work which ultimately disrupts its profits (King & Robinson 2000). International organizations are facing stiff competition, therefore looking for avenues through which to beat competition, and what is happening today has demonstrated that there is no security in the traditional corporate structure and career path (Keep, 2013). The old model where employees spend thirty-five years of their life time, talent and singular devotion to a company or profession in exchange for a secure and steadily growing income, peer recognition, and employer loyalty has been shattered (King & Robinson 2000). Waite (2011) posits that, work that was once governed and monopolized by big corporations years ago are now disappearing giving way to Multi-level marketing (MLM) which is one of the fast growing business models. By MLM the researcher refers to a specific type of direct selling in which organization's marketing functions are organized through a network of independent salespeople called sales distributors. King and Robinson (2000), Mark and Rene (1998) and Poe (1995), found that the unprecedented downsizing and lay off that the professional world is now facing, shows that organized labor unable to provide either stability or challenge in today's economy. They also state that firms are now scaling back traditional work benefits and outsourcing more functions to avoid overhead costs of full time workers. Mergers and acquisitions are also taking their toll on employment, a trend that is now very common in Nigeria.

The role of technology in lost jobs can be seen in the Nigerian banking sector, where Automated Teller Machines and computers call for fewer hands inside the banking hall. The vinyl record industry in 1985 supported a $24 billion a year industry but today it is all but extinct, having been replaced with cassettes tapes and compact discs (King, 2000). The steel and copper industries have also suffered, because these days more car part and toys are made from plastic. Robotic technology similarly has taken its toll in the workplace; where now one robot can replace twenty human workers and extinguish the need for companies to pay exorbitant amounts in employee benefits (King and Robinson, 2000). Therefore, the real challenge today is to replace lost jobs with new earning opportunities and provide the much needed training and mind set for change. According to King and Robinson (2000), the jobs that most people trained for years ago have all disappeared. Technology has replaced millions of workers and demand new skills that too many people do not have.

King and Robinson (2000) opined that due to job insecurity and uncertainty, more people would want to work from home, work less strenuous hours, and decide what level of income they will receive, for people like this; multilevel marketing is an area to explore. In addition to the above employers of labor would want to do away with problems associated with owning a business e.g. employee's salaries and benefits, payment of rent, products logistics etc (Waite, 2011). MLM provides a system that does not require all the above (Waite (2011). With more and more multinational organizations choosing to sell their products through MLM and Nigeria having a high rate of unemployment, high rate of poverty, high rate of disease prevalence and the failure of successive government to provide basic amenities there is the need to understand MLM (Dipo, 2011). According to National Bureau of Statistics (2013) and Corporate Affairs Commission (2013) from 2000 to date more than

ten multilevel marketing organizations have been officially registered in Nigeria to do business, among which are GNLD, Forever Living Products, Tiens, Edmark, Longreen, Trevor, and Green World, etc. These organizations are involved in moving different products from health supplements to household equipment, air travel, telecommunication and many more. These organizations need people who understand this revolutionary and innovative method of distribution and help in moving these products under the umbrella of MLM, thereby creating employment. For this to successfully happen there is the need for awareness of this method of moving product from manufacturers to consumers, there is also the need to have a fair knowledge and understanding of what MLM is all about , only then can there be better acceptance. In the light of the above, there is the need for a systematic study of MLM to understand its basic dynamics in Nigeria.

1.2 **Statement of the Research Problem**

There are a large number of Multilevel Marketing (MLM) organizations coming into Nigeria and Kano in particular. But people in Kano metropolis are yet exploit the offerings of MLM; however, the reasons behind this non-acceptance are not clear. In order to understand the reasons for this observation and broader issues of the role of MLM distributors, there is a need for original research. Different empirical evidences show that a lot of work need to done in this area to give credit to the industry. For example, (Biggart 1989; Bhattacharya & Mehta 2000; Pratt 2000; Sparks & Schenk 2001; Sparks & Schenk, 2006; Waite, 2011; Keep, 2013) all stressed that not much research have been carried out on MLM in the world. According Brodies, 1999, MLM has played and is playing important role all over the world. They further went on to say that over 91.5 million entrepreneurs that engaged in MLM built their businesses or worked as part time entrepreneurs to earn extra

income, learn new skills and build their self esteem, and yet not much empirical studies have been given to it. Nga and Mun (2011) did a study on the influence of MLM companies and agent attributes on the willingness to undertake multilevel marketing as a career option among youths in Malaysia. Their findings indicate that all MLM companies and distributors have a significant influence on the willingness to undertake MLM as a career option. Other studies that were carried out include Farook and Laboni, 2012; Snook, 2005; Oksanen, 2006; Brodie, 2002; Duffy, 2005; they all tried to shed light into the understanding of MLMs. This study is different from those discussed by the researchers above, in that their focus areas were in MLM as business organization, leadership in MLM and how they differ from traditional businesses. They did not see income, awareness and public attitude as factors that affect the acceptance of MLM. Similarly, their studies did not address the contribution MLM make to uplifting lives in developing countries. MLM is a new marketing concept to Nigeria and thus wide studies are called for in this area.

Precisely, this study attempts to examine the factors that influence the acceptance of MLM in Kano metropolis. Currently, no formal study was found in the literature regarding the factors that influence the acceptance of MLM in Kano metropolis. Therefore, this study focuses on examining the different factors that affect the acceptance of MLM in Kano metropolis.

1.3   Research Questions

The following basic research questions are raised with a view to providing answer in the course of the study:

i) To what extent does income have significant effect on the acceptance of MLM in Kano Metropolis?

ii) To what extent does awareness have significant effect on acceptance of MLM in Kano Metropolis?

iii) To what extent does the level of public attitude on MLM product have significant effect on the acceptance of MLM in Kano Metropolis?

1.4 Objectives of the Study

The main objective of this study is to examine the factors that influence the acceptance of Multilevel Marketing (MLM) in Kano Metropolis. Specifically, the study has the following objectives:

i) To determine the influence of income on the acceptance of MLM in Kano Metropolis

ii) To examine the influence of awareness on the acceptance of MLM in Kano Metropolis

iii) To assess the effect of public attitude on MLM product have significant effect on the acceptance of MLM in Kano Metropolis?

1.5 Research Hypothesis

The following research hypotheses have been formulated based on the research objectives.

Hypothesis I

Income influence does not have significant effect on acceptance of MLM in Kano Metropolis

Hypothesis II

Awareness influence does not have significant effect on acceptance of MLM in Kano Metropolis

Hypothesis III

Public attitude on MLM product does not have significant effect on the acceptance of MLM in Kano Metropolis?

1.7   Significance of the Study

People should create their own jobs and become entrepreneurs since opportunities of getting employment in either government, non government or private organization is currently almost declining (Gemechis, 2007). This is possible if there is an understanding of MLM and the creation of awareness of how the system works. This study is about the factors that affect the acceptance of MLM in Kano Metropolis.

It is important to theory, practice and government because the review of the literature suggests few studies on MLM have been conducted and examinations of the factors that affect the acceptance of MLM in Kano Metropolis have not been explored. MLM researchers (e.g. Biggart, 1989; Kuntze, 2001; Sparks & Schenk, 2001; Sparks & Schenk, 2006) have overlooked the assessment of the importance of MLM acceptance. Having gone through the literatures, no empirical research in this domain has been carried out in Nigeria. MLM studies are largely conducted in the West and Asian countries, but no formal work has been done in Nigeria, therefore this particular study focuses on MLM in Nigerian.

The findings of the study are expected to add to the existing literature on of MLM practice in Nigeria. Findings are also expected to help MLM practitioners to know the benefits of MLM. It would also encourage prospects to take up MLM as a real business. By understanding MLM this would increase patronage resulting in positive impact on Nigerian economy as a whole. In addition to theory, and literature development, this study is

significant in practical sense because MLM firms will benefit from the results of this study in that it will help MLM managers to understand how they can best encourage people (prospects) into accepting MLM Business. Based on such understanding, managers of network marketing firms will be able to develop more effective business strategies that will help improve their market share and more specifically, this study provides important managerial tips for efficient functioning.

It revealed the significance of MLM as a business model and also a relevant field of study. Academics will also benefit from this work in that they can now look at this business model (MLM) positively and carry out more research in the field.

It will be beneficial to government because MLM is a sector that is growing fast and generating employment and should not be ignored. An understanding of this industry by government can lead to better and more efficient regulation of MLMs operations in Nigeria.

1.6   Scope and limitation of the Study

The research study covers all MLM organizations operating in Kano metropolis namely GNLD, Forever Living Products, Tiens, Edmark, Longreen, Trevo, Alliance in motion and Green World, etc. The study examines the factors that influence the acceptance of MLM in Kano metropolis. Specifically, all distributors in Kano metropolis were considered as the unit of analysis for this study. There are many MLM companies operating in Nigeria and many are still waiting to come into Nigeria (National Bureau of Statistics, 2013 and Corporate Affairs Commission 2013) and this call for a better understanding of MLM operate. The study considers all distributors operating in Kano as its scope. The factors that affect acceptance of MLM are the key issues of discussion. Conducting the research in the

area mentioned will assist in finding answers to the research questions raised and also to achieve the research objective. Kano Metropolitan area, comprises of 8 local governments which are Kano municipal, Dala, Gwale, Fagge, Tarauni, Ungogo, Nassarawa and Kumbotso. Therefore, the study focused on all MLMs operating in Kano metropolis.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section provides a detail review of literature on the tenets required to find answers in connection to the research questions and to justify the hypotheses. Related studies on multilevel marketing were reviewed; the major findings, methodologies and conclusions of existing research works related to this study are carefully synthesized. Though not much work has been done in this area in Nigeria, some studies have been conducted.

2.2 Concept, Nature and Features of Multilevel Marketing

The purpose of this study is to examine the factors influencing multilevel marketing in Kano metropolis. Marketing is practiced today in all modern nations, regardless of their political philosophy. As world today has become a global village, international competition has heated up and the attention paid today to marketing has increased. Depending on circumstances, marketing can be vital to the success of an organization. For this reason numerous service firms both profit and non-profit organizations have found marketing to be necessary and worthwhile. Every organization, large or small has a mission to either make profit or break-even. The global economy is changing so fast and the marketing organizations have to keep in touch with these changes. All these changes affect marketing, direct sales, technology, work practice and systems.

Multilevel marketing, which is an off shoot of direct marketing, also known as network marketing, is a system in which a manufacturer (network marketing firm) pays people outside the company to sell its products and services directly to consumers (Harris, 2004). In

return, each salesperson is given the opportunity to build his or her own multi-level marketing organization (MLM) by recruiting, training and motivating others to sell the same products and services (Vander & Keep, 2002; Harris, 2004). MLM organization is a growing form of business organization (Sparks & Schenk, 2001, 2006). It is a business model that is growing rapidly in popularity and significance in many parts of the world (Kiosaki, 2008; Duffy, 2005; FEDSA, 2010; Pratt, 2000; Poe, 1995). Word of mouth has a significant role in MLM for expansion of business and plays the role of accelerating the movement of products using the most efficient distribution technique: word of mouth communication (Barkaes, 1997). These organizations are rapidly growing organizational type enlisting nearly 10 million members and producing over 20 billion dollars in sales annually (Dyer, 2001; Koehn, 2001). Kuntze (2001), Mark and Rene (1998), remarked in their separate works that MLMs are promoted as a place where individuals who do not have adequate resources and/or skills can get these and start up their own small business and it is the most remarkable form of free enterprise ever created. Globally, multilevel marketing industry is recognized as one of the fastest growing industries in the world with a bright future as more and more companies sell their products direct to the consumer and with more people preferring to work from home (Poe, 1995).

Brodie, John, and Thomas (2004), define and conceptualize MLM as the obtaining of orders and the supply of consumer products (goods and services) to private individuals away from normal retail premises, usually in their homes, or place of work, a transaction initiated/or concluded by a salesperson. They continued, that by using this definition it is possible to differentiate between MLM (direct selling) and direct marketing, where; 'direct marketing' implies that the initiation, at least, of the transaction is by the use of some form of media, for

example , mail order catalogues, direct response, mail shots, advertisements, TV, electronic telemarketing, rather than by a person.

In the view of Poe (1999), Dominique (1993) Multi-level marketing (MLM) is a marketing strategy in which the sales force is compensated not only for sales they personally generate, but also for the sales of others they recruit, creating a down-line of distributors and a hierarchy of multiple levels of compensation. According to Higgs and Smith (2007), Vander, et al (2002), Clegg (2000), other terms for MLM include 'pyramid selling' and 'network marketing', and Carroll (2003) defines MLM as 'referral marketing'. In the words of Farook, Labooni and Ahamad (2012) MLM is sometimes described as "word-of-mouth marketing", "interactive distribution", and "relationship marketing." "Multi-level marketing" or "Network Marketing" has been described by Xardel (1990) as being synonymous, and as methods of direct selling. Most commonly, salespeople are expected to sell products directly to consumers by means of relationship referrals and word of mouth marketing. Some people use direct selling as a synonym for MLM, although MLM is only one type of direct selling, which started centuries ago with peddling (Wikipedia, 2014).

According to Xardel (1990) "direct selling" and "network marketing" refer to the distribution system, while the term "multi-level marketing" describes the compensation plan. Brodie et al. (2004) opined that the term network marketing refers to direct selling companies, which organize their sales through a multilevel sales organization. In the academic literature, network marketing is typically positioned in the field of personal selling – more specifically, direct selling – or alternatively, database marketing and home shopping. From this perspective, MLM organizations operate within the direct selling industry as retail

selling channel (Oksanen, 2006). According to Direct Selling Association of Malaysia, (2010) and Berry (1997) it is a system of personal selling where products or services are distributed by the distributor directly to the customer through personal contact without the need for a permanent business location. Snook (2005) also said that MLMs are retail-selling (non store) channels that use independent distributors not only to buy and resell company products at retail price but also to recruit new distributors and grow an independent sales network over time. Yarnell (1998) defined Multilevel marketing (MLM) "as a system in which common people invest a small sum and through sheer tenacity and determination, rise to staggering levels of financial reward and personal freedom". To the manufacturer or company MLM represents a means of distributing products without the need for direct salaried sales force and to the individual within the business it is an opportunity to build a sales organization which will eventually lead to financial independence (Yarnell, 1998).

Coughlan and Grayson (1998) noted that an important characteristic of MLM is that they perform little or no mass media advertising and they rely primarily and solely on word of mouth advertising for both sales and distributors recruitment. Recruitment and selling are often based on sharing a business that fulfill a lucrative opportunity (Bloch, 1996). In MLM, compensations are paid based on performance and they differ from company to company. Compensation will usually include commission on personal sales volume, group or network sales volume, and bonuses from the sales of the down line (Coughlan and Grayson, 1998). MLM provide an opportunity at minimum costs and flexible time to achieve financial independence, if the individual secures a loyal sales base. According to King and Robinson (2000) network marketing continued to thrive throughout the recession in part because it offers anyone an easy, low risk way to be in business for themselves and it also capitalizes

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on the fact that consumers prefer to buy products from people they know and like. MLMs were among the most successful organization in the 1990s with their sales growing from $30 billion to over $90 billion in the year 2000 (Dyer, 2001). The proponents of MLM organizations focus on the concept that for "experience type" goods and services, the consumer prospect will trust information obtained from a friend working in an MLM as more credible than information obtained from media advertising. Proponents also noted the low fixed costs of MLM compared with operating retail stores (Vander and Keep, 2002). This is the basis for the entire MLM concept and is supported by empirical evidence showing that word-of mouth information from friends and relatives is more influential in consumers' purchase decisions than any other form of advertising (Bhattacharya, 2000).

MLM is a combination of transactional and relationship marketing which operates by stipulating compensation schemes (comprising commissions and bonuses) for products or services sold, as well as recruitment of agents (Bloch, 1996). It is often described as direct selling or network marketing. MLM relies on the selling of entrepreneurial capabilities and personal contacts of their agents, involving minimum upfront investment. Distributors pursue "face to face" personal selling without the need for a fixed store front. There is usually a distinction between the retail price to customers and the distributor's price. Distributors are often accorded a discount from the retail price. Active distributors often encourage family, friends and acquaintances to join the network and enjoy the reward of sustained sales volume. How formidable is the MLM industry? Consider that 70% of direct-sales revenues in the world are generated by MLMs (Bhattacharya and Mehta, 2000). Even though MLMs have been growing rapidly in recent years and with all their success, they have been tainted by a raging controversy over their practices. There are two sides to MLM

the positive side and the negative side the foregoing shows the positive side. There are studies that looked at the negative side of MLM. Critics focus on illegal or deceptive recruiting practices, false claims of income potential, cult-like social practices, etc. Many of these concerns are legitimate when the company in question falls under the "gray" areas of MLM business practices that lean towards the Pyramid classification (Snook, 2005).

2.3   Concept of Pyramid/ Pronzi Scheme and its Characteristics

It is important to differentiate between MLM and pyramid schemes as the latter often make promises of high returns centered upon recruitment rather than retail sales (Koehn, 2001; Vander and Keep, 2002). Pyramid schemes require large upfront investment, it appeals to human greed, fear and exploit trust in social networks. As such, pyramid schemes have often been perceived negatively of profiteering from questionable ethics, misrepresentation and leveraging on the numbers game (Kustin and Jones, 1995, Bloch, 1996, Vander and Keep, 2002, Koehn, 2001, Constantin, 2009). The modus operandi of Ponzi schemes is via promise of extremely superior returns to investors in a short time span by rolling over investments of its members (Wells, 2010). Ponzi schemes do not link investments with commercial activity.

Table I shows the differences between MLM and Pyramid Scheme

MLM	Pyramid Scheme
Returns come from actual sales of products and services of the company.	High return upon recruitment
Small investment required.	Large upfront investment
Actual products for sale.	Virtually no real products for sale
Everybody makes money provide you work	Only people at the top make money
Definite description of the company and its products and services	Usually has a vague description about the company
Income is made from the sales of products and services	Income is made from sign up fees from new recruits.
Small fee for registration and start up kit	One of the "vital signs" of a pyramid scheme is when the registration fee is greater in value than the start-up products given as part of the membership requirement

A pyramid scheme is a non-sustainable business that involves the exchange of money, usually in the form of a sign-up fee, and usually has no product or service. Pyramid schemes are illegal because the only people that are able to make money on a pyramid scheme are the people at the top of the pyramid. The above picture proves that pyramid schemes are unsustainable. As stated above, because pyramid schemes offer no product or service, no possible way exists for the people at the bottom of the pyramid to make any money. The only way to make money in a pyramid scheme is to sign-up new members for a fee. However, this becomes impossible when the scheme reaches a certain level. The end result is that people can spend upwards of several thousand dollars to enroll in one of these scams and will end up losing everything (Koehn, 2001). As the United State Securities and Exchange Commission states, "the hallmark of these schemes is the promise of sky-high

returns in a short period of time for doing nothing other than handing over your money and getting others to do the same. The fraudsters behind a pyramid scheme may go to great lengths to make the program look like a legitimate multi-level marketing program. But despite their claims to have legitimate products or services to sell, these fraudsters simply use money coming in from new recruits to pay off early stage investors" (Jon, 2013).

Other identifying characteristics of a pyramid scheme are vague descriptions about the company; no product or service being offered or a product that sells at a highly inflated price; a majority or all of the possible income to be made comes from the sign-up fee from new enrollees and there are always repeated assurances that the company is completely legal. Among other things, a pyramid scheme relies on continual recruitment as a mechanism for generating compensation for participants. Non-product based pyramid schemes are simply wealth transfer schemes similar to but distinguishable from Ponzi schemes. Unlike a Ponzi scheme, which relies on voluntary investments of new entrants to fund the investment returns paid to earlier entrants, a pyramid scheme compensates participants to recruit others (Securities and Exchange Commission, 2013).

Figure 1 Player in MLM Structure
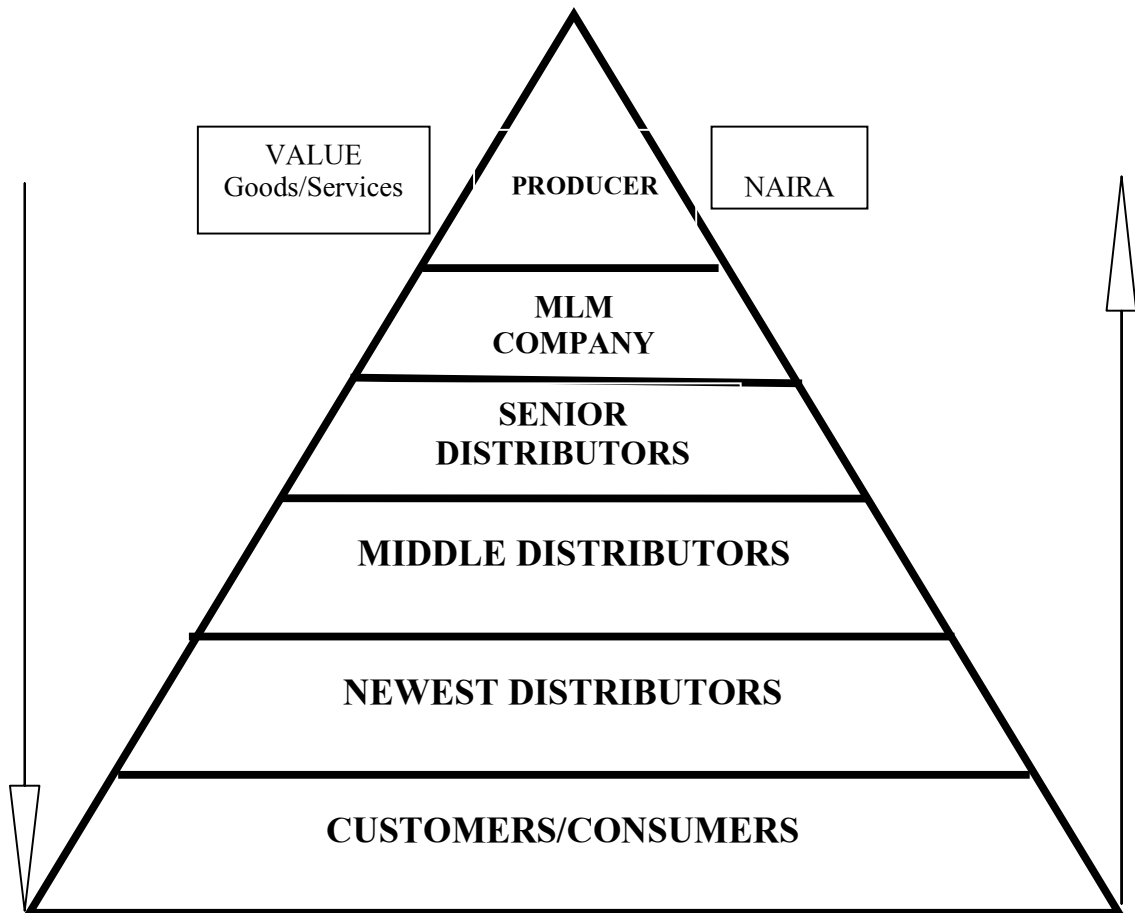
Source: Adapted from Tim Sales' Brilliant Compensation
(http://firstclassmlmtools.com/product/brilliant-compensation-dvd-updated)

Figure I above shows the players in a MLM organization. On top of the pyramid is the

producer, who produces the product to sell by themselves or to sell to a MLM company.

Thus a MLM Company can be a separate entity different from the producer. Next are the

senior distributors, who are Multi-level marketers and recruiters, they sell directly to

consumers. The next levels are the middle distributors who are recruited by those above

them they also recruit and sell to customers. The next levels are the newest distributors who

are recruited by those above them they too are in the position to recruit and sell to

customers. In other words, network marketing or multi level marketing reduces the length of the distribution chain. Here's the normal distribution chain.

Manufacturer => distributors => Wholesalers => Retailers => Consumers

Compare this with the MLM distribution chain.

Manufacturer => distributors => Consumers or

Manufacturer => MLM Company => distributors => Consumers

The multi level marketing business model eliminates the need for wholesalers and retailers, as distributors sell directly to consumers. Consequently, network marketers have opportunity to earn more, as the profit that should have been made by wholesalers and retailers are passed on to distributors.

2.4 The Historical Background and Development of Multilevel Marketing

The first multilevel compensation plan is commonly attributed to Carl Rehnborg. He founded the California Vitamin Company (later called Nutrlite Products, Inc.). Rather than allow his salesmen to only receive one-time fees, he created a way for them to have a steady income through recruiting other salesmen (Beasley, 2012). Poe (1999) categorizes MLM history into four different waves. According to him, these waves are Wave 1 (1945-1979), The Underground Phase; Wave 2 (1980-1989), The Proliferation Phase, Wave 3 (1990-1999), The Mass Market Phase, and Wave 4 (2000 and beyond), the Universal Phase. Poe (1999) marks the beginning of Wave 1 when Rehnborg introduced his new compensation plan in 1945. The idea spread in legitimate and fraudulent arenas, making it the "Wild West phase." In essence, the Wild West phase was marked by con men taking advantage of other

people. The end of this phase came from the decision in the Federal Trade Commission ruling on Amway Corporation.

During the 1980s, MLM model slowly grew, spreading only as quickly as hard-working people could continue trying to accomplish their goals. Since the model required a lot of personal commitment, many people dropped out before they saw any rewards (Poe, 1999). Wave 3 is categorized by the exponential growth of the existence and knowledge of MLMs (Poe, 1999). From 1991 to 1998, MLM participation went from 5.1 million to 9.7 million members and $13 billion sales to $23 billion sales (Sparks & Schenk, 2001). This growth was facilitated by the change in technology, like satellite television broadcasts and dedicated voice mail systems. Recruiters could now recruit and train their down-line faster. With more down-line, they could make more money with less work (leverage). In short, technology lowered the cost of creating a successful MLM and down-line (Poe, 1999).

In the last wave, Poe suggests that the MLM model will become universal and dominate the corporate world. Indeed, the estimated sales for 2010 are almost $28 billion (Direct Selling Association, 2012). Though it does not represent the same rate of growth as the 1990s, this means MLMs are still becoming a larger part of the economy. It can be argued Poe makes it seem like this growth encompasses a huge part of the economy but reality, the sales is about the same amount of sales as in the retail jewelry, luggage and leather goods store sales. According to the US Census Bureau and Monthly & Annual Retail Trade, 2012 participants in the MLM industry created sales that represent at least ten percent of the total workforce in the US.

Nutrilite, founded in 1934 as the California Vitamin company, adopted a multilevel marketing (MLM) business model in 1945 with characteristics similar to but different from traditional direct selling (Federal Security Agency, 1951) grew from strength to strength. Traditional direct selling, particularly the party plan, and the MLM model rely heavily on selling to friends, family, co-workers and neighbors (Grayson, 2007). Each approach provides the opportunity for product demonstrations, add-on sales, new product introductions, customized selling, and instant feedback from customer and potential customers.

The MLM model, however, differs from the above in multiple ways, one by shifting the recruiting, training, and supervising of new salespeople onto the sales force, the parent firm converts fixed costs to variable costs (Grayson, 2007). Instead of a branch manager being responsible for the size and effectiveness of the sales force, now potentially everyone recruited can recruit others. Thus each "distributor" can potentially create his/her own business by recruiting new distributors, who also recruit new distributors, creating a "down-line" of all direct and indirect recruits, purchasing products and potentially available for selling products and recruiting. Training can now be developed and sold by one distributor to another. The MLM business model has a new vocabulary, such as: up-line, down-line, personal volume, and group volume. The vocabulary varies across MLMs with firms labeling their salespeople as "Distributors," "Independent Representatives," "Partners," "Associates," and "Independent Business Owners" (for simplicity we use "distributor"). Product points determine the amount of potential company compensation from purchases made by a distributor and his/her down-line, and discounts from the suggested retail price may vary according to the purchase (Coughlan and Grayson, 1998).

In traditional direct selling, sales to non-distributor customers generate commissions to the sales force, with branch managers rewarded for total sales volume, while MLM "business opportunity" ties together different themes of entrepreneurism: 1) selling products to non-distributors, 2) selling products to other distributors, and 3) earning company compensation based on personal purchases and the purchases of a distributor's down-line. The first two income sources come from margin created by the price negotiated with the buyer. Examples of MLM products sold to non-distributor customers can be found on websites such as eBay. One criticism of the MLM model is the inability to track and document these sources of income. All company compensation is derived from purchases by a distributor and his/her down-line (in the country or outside the country) that reach or exceed pre-specified targets or volume. Failure to achieve these levels means little or no company compensation for the distributor (Dyer, 2001).

The exclusive territories of early direct selling companies prevented competition among salespeople and allowed some measure of market size and potential. Territory exclusivity began to blur with the development of the party plan and the movement of direct selling into the work environment, a natural outcome of more women working outside the home (Kustin and Jones, 1995). The rapidly growing Nutrilite encountered a problem not uncommon in traditional direct selling that is, the tendency of some salespeople to over-sell by making false product claims. The United States of America Food and Drug Administration in 1951 were concerned that such claims were more than isolated cases and obtained an injunction "prohibiting 15,000 door-to-door salesmen from making 'extravagant therapeutic claims' for Nutrilite" (*The New York Times*, 1951). The company agreed, "Not to make certain therapeutic claims," but did not admit fault or guilt (*Changing Times*, 1952). The issue

persisted and in 1957 the FDA began "an educational campaign against door-to-door selling of various food additives and vitamin preparations" designed to counter "a violent campaign…designed to convince the American that he has some peculiar 'deficiency'" (*The New York Times*, 1957).

Nutrilite also encountered problems with the FTC for violating Section 3 of the Clayton Act and Section 5 of the Federal Trade Commission Act based on the exclusive dealing and non-compete sections of the distributor contract (*Mytinger & Casselberry, Inc., v. FTC*, 1962). Shifting the recruiting and training of new recruits to current distributors decentralized the sales force. Over time, the industry would see entire downlines of thousands of distributors move from one MLM company to another. Distributor actions that may or may not be legal, and may or may not comply with company policies, became part of the industry, as also suggested by this annual report quote: "As a result, there can be no assurance that our distributors will participate in our marketing strategies or plans, accept our introduction of new products, or comply with our distributor policies and procedures" (Herbalife, 2013).

Jay Van Andel and Richard DeVos, created Amway (i.e. The American Way Association), a new MLM firm to sell household products −the Company that would come to own Nutrilite and also become the largest MLM in the world (Biggart, 1989, p. 46). Three years earlier, Shaklee, a nutrition supplement company, adopted the MLM model (*The New York Times*, 1985). For the next three decades, traditional direct selling and MLM companies would share the space of face-to-face retailing to consumers (Poe, 1999).

2.5   The Benefits of Multilevel Marketing

By design, direct selling firms rely more on the selling skills of their sales forces than on indirect communications such as advertising. Proponents of direct selling point to low fixed costs compared with operating retail stores, valued social relationships among customers and between sales representatives and customers, and the persuasiveness of personal selling (Frenzen and Davis, 1990; Greco, 1996). Because of direct selling's ability to communicate large amounts of information, there are two types of products that seem best suited for this type of marketing. First, there are highly innovative products. For example, when home water filtration devices came out, they were distributed primarily through direct sales. People were not likely to go to their local variety store and purchase an attachment for their water faucet that would have cost them several hundred dollars. They could not even see the particles that these filters were eliminating. Consumers began purchasing them when companies started using direct selling to bring these filters into homes, demonstrate how they were used, and explain their benefits. Home water filters may never have gained acceptance if it were not for the direct selling industry. Direct selling is often the industry through which new and innovative products are introduced.

Another category of products that benefit greatly from direct selling are products that require greater information to see their benefits. Modern multilevel compensation programs can be traced back to 1941 and the Nutrilite company (Biggart 1990; Poe 1994). Nutrilite's founder Carl Rehnborg believed that nutritional supplementation was important. Though most medical experts today would agree with Rehnborg, it was very controversial in his day. Not only that, Rehnborg also believed that nutritional supplements made from natural sources were superior to those synthetically derived. Modern science is proving Rehnborg

correct on this point, too. Carl Rehnborg was way ahead of his time. He needed to get out a lot of information in order to sell his natural nutritional supplements when they were competing against much cheaper synthetic alternatives. He found that the most effective way to educate consumers on the benefits of supplementation and on the advantages of natural supplements over synthetics was through direct selling. He found that the best way to recruit salespeople was to compensate existing salespeople when they recruited new salespeople. This was the birth of multilevel marketing as we know it today. It did not grow out of some unethical marketer trying to milk money from people through a pyramid scheme. It came from an innovative scientist and entrepreneur who needed to find a way to get as much information as possible out to as many people as possible (Merlin, 2012).

Multilevel marketing represents an industry which provides a useful economic and business function. Direct selling seems to fill a legitimate need in the marketplace. Through direct selling, marketers can get significant amounts of information out to consumers in ways that are not feasible using traditional advertising or retail distribution. Advertising can only convey a limited amount of information and the staff of a typical retail store has limited information about the multitude of products being stocked. Thus, using traditional promotion and distribution channels, marketers may have a difficult time communicating large amounts of information. Often, companies will use direct selling to fill the gap (Bloch, 1996).

The multilevel marketing approach limits some negative aspects of traditional direct selling while enhancing the role of entrepreneurship. By rewarding current distributors in hierarchic al fashion for sales made by their direct and indirect recruits, the parent company shifts the

burden of recruiting and training new people onto the existing sales force (Sherman, 1991).
These tasks are accomplished with support from the parent firm. Distributors are rewarded
for personal sales and motivated by the entrepreneurial aspect of being an independent
contractor who builds a "down-line" of distributors. The multilevel marketing structure
provides the additional benefit of shifting some operating expenses from fixed to variable
costs (Vander Nat and Keep, 2002). These benefits are reinforced by the sale of proprietary
products and brands not available through another distribution or sales channel.

Companies have used variations of the multilevel marketing structure to sell health and
beauty products, household consumables, services such as travel, and even energy.
Numerous multilevel marketing firms report annual sales in billions of dollars with
distribution networks operating in multiple countries. Some are publicly traded. As with
companies in other industries, many multilevel marketing firms support political candidates
inclined to maintain a business environment favorable to the business model.

Despite these successes, the Federal Trade Commission (FTC) and Securities Exchange
Commission (SEC) continue to raise questions, but after Amway prevailed in the 1979
seminal FTC v. Amway case, regulatory activity declined sharply. An increase in the
number and variety of multilevel marketing firms in the 1990s brought renewed interest.
Between 1996 and 2002, the FTC charged more multilevel marketing firms with operating a
pyramid scheme than in the previous seventeen years. During that period the SEC also
successfully prosecuted International Heritage Inc., the largest pyramid scheme case
brought against a publicly traded company (Vander Nat and Keep, 2002; SEC News Digest,
2000).

2.6   The Problems of Multilevel Marketing Model

Multilevel marketing is a huge, global industry. Estimates of worldwide sales are as high as ninety billion dollars (Dyer 2001). Estimates of the number of people who purchase products and services from multilevel marketing organizations are high, with one study finding that over half of the respondents had purchased at least one item from a multilevel marketing company (Kustin and Jones 1995).

The industry appears to be growing but unfortunately, with the growth of the industry has led to the growth of questionable companies and practices. Vander Nat and Keep (2002) note that the FTC prosecuted more pyramid schemes in the years from 1996 to 2002 than in the previous seventeen years combined. The Better Business Bureau has warned that illegal pyramids are prevalent and widespread throughout the United States. Not only are there potential legal problems, multilevel marketing as a whole has a negative image among many consumers (Kustin and Jones 1995; Msweli and Sargeant 2001; Raymond and Tanner 1994; Peterson, Albaum, and Ridgeway 1989). It should be noted, however, that this negative image of multilevel marketing is not universal (Gabriel 1993). Many people are strongly in favor of multilevel marketing and show preferences for products or services that are distributed through such marketing channels.

When people ask about a multilevel marketing opportunity, they are asking about a company that is in an industry with a history of legal, ethical, and image problems. If this is the case, why not just tell people to avoid all such marketing opportunities? Why not just paint the whole industry in a negative light as some educators have done (Bloch, 1996). There are many good reasons for not doing so; firstly, doing so perpetuates misinformation.

It implies that all firms in this industry are bad. Pronouncing guilt by association is questionable. Prejudging all companies in an industry because there are a few problem companies in that industry is wrong. Marketing educators should be more sophisticated in evaluating the validity and ethical practices of a given firm rather than simply drawing conclusions based on instances that occur in the whole industry.

Secondly, it misses an opportunity to help people develop the ability to differentiate legitimate marketing practices from unethical ones. Marketing instructors work hard to assure people that, even though some advertisers are unethical, advertising itself is not unethical. People need to be able to evaluate advertising ethics on a case-by-case basis. Likewise, sales classes help people understand that, even though some salespeople are unethical, sales itself is not unethical. It is crucial to teach people how to deal with ethical issues in sales so that they can make ethical decisions in the situations they may face if they enter the field of sales. People must learn to use ethical heuristics that are more sophisticated than "they're all crooks." Marketing educators undermine their own credibility when they use such crude heuristics when asked to evaluate multilevel marketing opportunities.

So when people ask about a multilevel marketing opportunity, they are asking about something that must be evaluated on a case by case basis. It is extremely important that marketing educators be able to help people differentiate ethical direct selling organizations from unethical get-rich-quick scams and/or illegal pyramid schemes. However, few marketing educators have ever studied or even been involved in this industry, thus most are inadequately prepared to advice students (Merlin, 2012). Barkaes (1997) presents an overview of the pivotal Webster v. Omnitrition case (9th Circuit 1996). Vander Nat and

Keep (2002) present a mathematical model to differentiate legitimate multilevel marketing from pyramid schemes. Papers such as these are excellent for helping wade through the legal nuances of regulating the multilevel marketing industry.

However, they are inadequate for providing practical guidelines for people when evaluating a business opportunity. Few people are willing to wade through legal briefs or work out complex mathematical models to try to figure out whether or not the opportunity they are looking at is legitimate. Also, these papers focus narrowly on the legal issues and not on the broader ethical issues. What people need, and what professors need to be able to give them, is simple guidance that will help explain the difference between marketing opportunities that are ethical and legal and those that are not.

2.7   Legitimate Multilevel Marketing

The definition found in Black's Law Dictionary says a pyramid scheme is a "property-distribution scheme in which a participant pays for the chance to receive compensation for introducing new persons to the scheme, as well as for when those new persons themselves introduce new participants" (Pyramid scheme, 2009). This definition's first known use was in 1949, four years after Rehnborg starting using his multilevel compensation plan during the Wild West phase. A pyramid scheme, then, can be viewed as one of the first fraudulent programs taking after the MLM model. As pyramid schemes took advantage of more people, states and the federal government needed to react (Taylor, 2000).

Multi-level marketing is a legitimate business strategy, though it is controversial. One problem is that pyramid schemes, which use money from new recruits to pay the people at the top, often take advantage of people by pretending to be engaged in legitimate multi-level

marketing. Pyramid schemes can sometimes be spotted by their greater focus on recruitment than on product sales (Investopedia, 2014).

Legitimate MLM relies on social networks for direct sales exchanges and recruitment of prospects (Buttle, 1996). MLM is also grounded within the concept of personal selling in the context of transactional and relationship marketing. It is therefore not surprising to see companies that began as direct selling companies now utilizing network marketing systems. For example Avon a 3million dollar cosmetic giant which has been in direct selling for almost 100 years has now converted to network marketing (direct sales). One reason for embracing network marketing is that in the beginning of 1970 distributors making house calls on people found that no one was at home. Women who were the backbone of direct selling had all entered the work force leaving only a few at home during the day. Seeing this trend companies quickly revised their marketing plans to network marketing (Keohn, 2001).

A legitimate MLM companies also provide support in terms of continuous training, motivational courses, as well as rewards and incentives (e.g. overseas trips) if targets are achieved (Mswell and Sargeant, 2001). Nutrilite (credited with being the first MLM) faced tons of criticism and scrutiny regarding the ethics of its business practices, this is because of their dark side likeness to pyramid scheme. Pyramid schemes are distinct version of MLM that operate in a manner that is financially and culturally unethical. MLM companies were persecuted in the USA and prominent among them was Amway (Crawford and Garland 1988). In 1975 the Federal Trade Commission (FTC) filed a suit against Amway, alleging that the company was an illegal pyramid and its refusal to sell its products in retail stores constituted a restraint of trade. But in 1979 the same FTC ruled that Amway was not a

pyramid; that its revenue was generated from the sales of its products and they at FTC acknowledged network marketing as a legal and efficient distribution system. This declaration led Network marketing to explode (Koehn, 2001).

2.8 Transactional Marketing and Relationship Marketing

Transactional marketing originated from classical management theory. It emphasizes the hallmark "4Ps" of marketing namely price, product, promotion and place which was popularized by Philip Kotler (Chaston and Mangles, 1999, Beverland and Lindgreen, 2002). Transactional marketing is short-term oriented and more suited towards generic products and assumes that consumers are price sensitive. For established companies involved in mass production, branding which provides product identity and assurance substitutes the need for personal relationships (Palmer, 1997).

The American Marketing Association's definition of marketing, revised in 2004, indicates that "marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders". Thus, the overall definition of marketing identifies the process of managing relationships as one of its key characters, parallel to more traditional marketing-mix factors. The number of stages and terminology used differ slightly among researchers, but the vast majority of definitions imply four general stages: identifying, developing, maintaining, and terminating. Though relationship marketing entails cooperation and co-value creation with a long-term perspective—rather than a short-term, transaction, manipulation, or competitive focus—it is initiated for the ultimate long-term gain of the implementer. Therefore Relationship marketing (RM) is the

process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of enhancing performance (Beverland and Lindgreen, 2002).

Relationship marketing relies on trust, personal bonds, communication, shared values, empathy and reciprocity both to establish confidence and to foster lasting mutual exchanges (Sin et al., 2002). In contrast with transactional marketing, relationship marketing focuses on customer retention thus making business more profitable (Harwood and Garry, 2006). Fostering a continuing relationship provides assurances, trust, confidence, lower perceived exchange risk, as well as reduces search costs for the customer. Customer satisfaction is achieved by an active engagement in understanding and meeting customer's local needs and sealing their loyalty (Ravald and Gronroos, 1996). Consequently, MLM distributors are treated as both customers and partners of an integrated sale cum social network. As such, an individual's passion, integrity, empathy, capacity to be a good listener and communicator are critical in relationship marketing (Networking Times, 2005).

Relationship marketing also depends on the building of trust through shared values (Constantin, 2009). Thus, relationship marketing is often mobilized to secure meaningful human bonding prevalent in recruitment, establishing long-term customer loyalty and value creation in certain complex niches (Beverland and Lindgreen, 2002). As a result, MLM networks often multiply through word of mouth (Constantin, 2009). In MLM, the customer may not be part of the organization but may be an active part of the network. Constantin, (2009), Palmer, (2007) argue that based on the market mix concept propagated in the 1960s transactional and relationship marketing were not intended to be treated as distinct concepts. Under the marketing mix concept the 4Ps were integrated within other elements such as

branding, personal selling, advertising, packaging, display, service, physical handling and fact ⬚nding analysis. MLM combine both transactional and relationship marketing elements with the entrepreneurial skills of its members to conduct exchanges of goods or services and recruitments (Chaston and Mangles, 1999).

2.9   How Income is earned in MLM

In network marketing, distributors earn by recruiting people, creating a downline of distributors and a pyramid which can be translated to multiple levels of commission-based compensation. In an MLM there could be multiple levels of people receiving income from one person's sales or recruits (Gonzales, 2008). In MLM there are two ways for a distributor to make income, based on (a) profit from retail sales and (b) net commissions from sales of downline distributors. This compensation plan encourages both the selling of product and the growth of the network. A distributor receives an income on those he personally sponsors (direct bonus) and those sponsored by his downlines or success line (indirect downlines).

Nigeria is ideal for network marketing (MLM) and Kano in particular because of her population. There are basically two motivators in joining the MLM. The first one is the strength of income needs which is an apparent motivator for individuals to join MLM. For income to be generated a social relationship between a buyer and a seller must be apparent and this strongly correlated with amount of sale, thus MLM emphasizes the importance of personal relationships in building a network (Grayson, 1996: Dolan, 1991). Assuming that the product is consumable with good quality price, MLM uses the best marketing tools and techniques to establish long term and profitable relationships (Constantin, 2009).

Snook (2005) saw MLM as a potential tool for socioeconomic development. Multilevel marketing systems can influence the society through generating employment, mobilizing long term funds and improving the quality of life of people, indirectly helping the economy as well by providing employment opportunity for the unemployed.

However, incomes from MLM schemes are being questioned. Koehn (2001) stated that MLM are operating in a pyramid scheme which is fraudulent, since they usually promise a large profit for a small investment, and unethical because they engage in recruitment-centered rather than product-centered business. He insists that, individuals pay to join the network, not to sell products, thereby making MLM a pyramid scheme. On the other hand Snook (2005) suggest five points that help show the legitimacy of an MLM opportunity: compensation plan, legitimacy of products, involvement cost, work required and company record. That if an MLM organization has the above elements it is not a pyramid scheme. Nigeria has had its own fair shear of pyramid schemes, thus due diligent research must first be carried out before participating in any MLM business,

2.10   Public Attitude toward MLM

An attitude is a learned predisposition to behave inconsistently favorable or unfavorable way with respect to a given object, thus Public attitude towards MLM is the result of an individual's overall influenced reaction from the usage of or participation in MLM activities.

According to Rattanaphan (2012) consumers had a negative attitude towards network marketing and a lack of positive confidence in MLM because of the way it was practiced in the early 40s. Many consumers did not understand the system of MLM then and even now

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and this has generated negative attitude. The populaces were doubtful of MLM equating it to pyramid schemes, thereby creating negative attitudes it. In the opinion Rattanaphan (2012) MLM representatives often have no office or place of residence for selling and use aggressive techniques to reach consumers at their premises; therefore giving MLM a negative public image. Public attitudes towards MLM subsequently, became even more complicated with the use of internet to carry out fraudulent schemes, allowing them access to consumers worldwide.

The widespread of more multinationals using MLM to distribute their products has increased the importance of public attitude towards MLM organizations and products. MLM has gained more attention in recent years as a result of its similarity to pyramid schemes and internet MLM frauds. This again has resulted in the development of negative attitude toward MLM organizations.

Researchers have stated that there are relationship and positive influence between marketing activities and public attitudes toward MLM organizations and products. Public attitudes have powerful effects on MLM activities. One of the objectives of this study is to determine the role of public attitude toward the acceptance of MLM in Kano metropolis.

2.11 Differences between Multilevel Marketing and Direct Selling

The industry of "network marketing is under the umbrella of direct selling" (also known as "network marketing," or "multilevel marketing,") originated in the United States in the 1920s. Successful multilevel marketing such as Amway and Mary Kay have developed into multinational corporations in the last three decades. Three major features distinguish MLM from other economic organizations: first, distributors are not formal employees but are

"independent distributors" of MLM, secondly they operate without a fixed retail location or mass advertising, MLM rely solely on distributors' personal relations to approach customers on a face-to-face basis, thirdly, MLM distributors recruit each other and form multilevel sponsorship networks that are concurrently tied to the governance of a hierarchical system of distributing royalties based on seniority (Keep and Vander, 2002).

Direct selling is marketing and transaction of consumer goods directly to the consumer; it does not depend on direct mail, product advertising or fixed retail outlets (Merlin, 2012). Distributors (sales person) call on consumers, mainly in their homes, to show and often to demonstrate the use of their products and to obtain orders. The goods are then supplied by the company either directly to the consumer or through the sales person who obtained the order. Direct selling is suited to High-quality household and personal products which can be conveniently distributed by self-governing sales people. It is a method of marketing which is particularly suited to products that benefit from detailed explanation or demonstration or even being tried out by the customer (Biggart, 1989).

According to Biggart (1989) it is a personal approach that is rarely found in high street retail shops and has grown to become a major form of commercial activity in the US, despite encountering opposition from other sectors of the business community during various stages in its development. In particular, as MLM expanded in the 1920s, small town retailers in many towns across America were concerned that it represented unfair competition. Shopkeepers became increasingly concerned with having to compete with visiting salespeople, whose businesses had neither fixed overheads nor an investment in the community (Kent, 1996). Local chambers of commerce pressured politicians to institute

bureaucratic barriers, in the form of relatively costly trading licenses and other trade restrictions, as a means of combating the perceived commercial threat. Such restrictions, compounded by the subsequent economic depression of the 1930s, created difficulties for many of those engaged in direct selling. However, a combination of greater organization in the sector, improving economy, and an organized reaction to the restrictions placed upon the industry led to its increasing development in the post-war period (Dyer, 2001).

In the 5th century A.D., Athens was involved in a great deal of direct selling. Many producers who sold direct to the consumer without the intervention of a middleman, continued to sell their goods in this fashion, despite the growing urban population which spawned a new class of retailers. The direct seller of the 5th century either sold his wares about the street or exhibited them for sale on stalls and in shops. Others traveled from place to place, following armies on the march. They visited great festivals and fairs as well, and sold from village to village (Merlin, 2012).

The 10th century marked the beginning of worldwide economic expansion. As commercial opportunities grew, so did the opportunities for the direct seller. The direct seller in Western Europe during the middle ages played an important role in bringing about the perpetuation of trade during the Commercial Revolution of the 10th to 13th centuries (Biggart, 1989). In France, the direct seller contributed to the growth of trade by bringing "novelties" from the large cities to small villages. Many of the more prosperous French towns were graced with the opportunity to buy woolen and silk belts, bonnets, brass rings, thimbles and writing tablets from the direct seller. Today, at the beginning of the 21st century, the customer still benefits from a personal and convenient way of purchasing products. The Internet has

become an important element of direct selling – essentially giving each direct seller a worldwide customer base. Direct sellers have been empowered by use of the Internet and find direct selling to be a rewarding way to improve their quality of life, reach specific earnings objectives, facilitate social contact and sell products they love (Peterson and Wotruba, 1996).

Network Marketing and traditional marketing are two different ways to bring products to the market place. But in the end they are very similar, except one thing, residual income. In both cases we are talking about a product or a service that needs to be sold or provided to a customer.

Table III The differences between MLM and Traditional direct selling

MLM	Traditional direct selling
Distributors are not formal employees of the organization	Have formal employee.
They operate without a fixed retail location	Usually they have fixed address
No overhead cost e.g. no salary, no advertizing, they rely on distributors personal relations to reach customers.	Their products are sold through means of advertising, print, flyers, radio ads, word of mouth and the internet Incur overhead cost
Mlm distributors recruit each other train, and sell products	They only sell products mainly in consumers' homes.
In MLM the distributor buys from the company/manufacturer, or from one of their affiliated franchise country offices.	In traditional marketing, retailers buy from wholesalers or directly from the manufacturer and have a shop or an online outlet. The goods are usually supplied by the company directly to the consumer or through the sales person.
In pure MLM you are more of an agent, a recruiter, an organizer and can become an	In traditional direct sales you are actually a business person or an entrepreneur.

entrepreneur.	
Residual source of income. He enjoys retail profit, direct and indirect bonus.	The retailer has one income, he buys and sells, and anything in between he can call profit.
Product knowledge and the ability to motivate and organize recruits is vital for success	The same thing applies here.
MLM scheme strictly a cash and carry business.	There can be credit extension to customers
In pure MLM setup, you need to attract and organize educated and smart recruits.	You don't need that with traditional direct sales.
A MLM distributor can go on holiday, he or she is not doing any sales, but his team of distributors will continue to produce income 24 hours / 7 days a week. This is how they make their income even when they sleep.	The traditional marketer can only produce income when his shop is open. When he closes for one day, there is no income. When he closes his shop for a holiday there is no income.
In MLM each individual starts at exactly the same level - at the top of their own organization, has exactly the same opportunity as everyone else and is compensated in direct proportion to the activity or success that they have had an influence in generating.	This not the case in traditional marketing, each individual start at the level of investment requested by the desired organization.
In MLM for any distributor to succeed you have to make things happen (you do not wait for things to happen)	In traditional marketing you wait for things to happen meaning that you stock your shop and then wait for clients to come

2.12   The Future of Network Marketing

Noted economist, Pilzer, (1995) author of The Next Millionaires, and White House advisor

to two Presidents including Ronald Reagan, is a big fan of Network Marketing. He predicts

that $10 trillion dollars of the $50 trillion in new wealth that will be created in the U.S. economy between 2006 and 2016 will represent individuals who rise from entrepreneurial beginnings to become new millionaires. He estimates that approximately ten million people will become new millionaires during this decade-long period, and that many of them will earn their fortunes in Network Marketing. His prediction is carefully thought out in minute detail in his book, as he explains that the economic trends and societal shifts of our entrepreneurial revolution come from the increased migration from corporations to self-employed, home-based businesses; the extraordinary boom in wellness products and services, and the modern world's profound need for the "educational distribution" function of word-of-mouth advertising. Pilzer focuses on the positives of increased unemployment in our economy stems from the boom business shift towards efficiency and the increasing demand for retraining people. Opportunities are more accessible than ever and the playing field has never been more equal. He notes that in his opinion Network Marketing is the best place for this retraining to occur. Whether you buy into Pilzer's ideas 100% or only partially, the consensus of the reviewed literature is clear that MLMs will only continue to gain momentum over the next decade, and the need for educating consumers of MLMs on how to pick an opportunity wisely has never been greater than right now.

The prospect is told that the company is holding a meeting, company overview, or open house and there is an opportunity to meet some top executives of the company. Once they agree to go and support their friend, they end up arriving to the event and being introduced to local superstars as they are escorted into a large room with a group of other people and told that the presentation will begin shortly. The presentation may run anywhere from 45 minutes to 3 hours and at the conclusion of it, prospects are told that they are in "right place

at the right time" but knowing that and taking action is the difference between those who get financial success and those who do not. At this point they are handed an application for distributorship and given the option to buy the company's product as a customer, or to be a customer and distributor. After attending a dozen different company's opportunity overviews during primary research, there is one common thread in all cases. The opportunity and product always "looks good"! There was not one case in which the presentation looked like there was anything to worry about, other than the common concern by prospects that it "looks too good to be true". In observation the majority of people either signed up immediately or declined to get involved.

After talking with several different professional network marketers, it was discovered that although some people who decline the first night do sign up at a later date, most people that get involved do so after the first impression. If that is the norm, then it appears that most people are making their decision on emotion/feeling and who showed them the opportunity not the opportunity/company itself. This may not always be a bad thing, however, it does prevent the person from evaluating the company at a level deep enough to determine if the company is at risk of being a Pyramid or short-lived. Another anecdotal finding through primary research of attendance at multiple MLM trainings or corporate "rallys" in which a large number of distributors were present, is that informal polling of 300 distributors uncovered that 60-70% of distributors originally signed up in their MLM because of the "opportunity" (potential financial gain), whereas 30-40% of distributors polled originally signed up because it was a great product. This is not a fundamental flaw of MLMs because controlling consumer behavior is not necessarily possible, but it does create a fundamental

"uphill" battle for MLM corporate executives to consistently make sure the focus is on creating a market for their product, not just the opportunity.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the detail presentation as to how the research is conducted. It presents the research design, population of the study, sample size and sampling technique employed in the study. Other items of the methodology explained include source of data collection, construction and administration of questionnaire and finally the data analysis techniques used to test the hypotheses formulated by the study.

3.2 Study Area

The study is carried out in Kano Metropolis of Nigeria which is referred to as the city of commerce depicting the leadership position in commerce (MAN Annual Report 2004). In addition, being the most industrial and Largest Commercial city in the northern part of Nigeria, Kano Metropolis is cosmopolitan and maintains a leadership position in terms of the state population in Nigeria. 2006 population census has estimated that there are more than 9 million people in the state.

Kano State has been a center of industrial and commercial activities for centuries. The inhabitants of the ancient city of Kano are known to have excelled in not only merchandizing but also engaged in bourgeoning small scale industrial activities manifested in handcrafts, blacksmithing and agricultural activities among others. With the coming of modern economic activities, the state has witnessed remarkable progress in commercial and industrial activities resulting in the development of modern manufacturing activities and establishment of market outlets. The main thrust of the State industrial and commercial

policy is to ensure even development in all areas of the State and provide for effective participation by the Government, the Private Sector (foreign and local business persons) and the people. In this connection, Government provides guidelines, necessary facilities and incentives to encourage the organized private sector to engage in and expand economic activities under a conducive and enabling business Environment.

3.3 Research Design

The research design selected for this study is survey method. Precisely, descriptive survey research design was used for this study. It involves one-time observation of independent and non manipulated variables. Another reason for employing descriptive survey method is due to the advantage it has for involving as many variables as are necessary for the research (Asika1991 and Bichi, 2004).

The variables of MLM that were measured include the determination of the following independent variables which are; Income influence; Awareness level and public attitude towards MLM. The study looked at their significant effect on the acceptance of MLM (dependent variable). The dependent variable is acceptance of MLM while; Income influence; Awareness level and public attitude are the independent variables. Thus the relationship of the variables can be mathematically summarized as follows:-

$Y = f(X_1, X_2, X_3)$

Where **Y** = Acceptance of MLM

X_1 = Income Influence.

X_2 = Awareness Influence.

X_3 = Public Attitude.

The variables here are measured using the attitudinal scale measurement using five point likert scales. In view of the foregoing, the variables understudy, the scope of the research and its coverage are believed to be adequate enough to enable the researcher to carry out the study. The model presented is to portray the nature of the factors and how they affect acceptance. It has not been predetermined (to the knowledge of the researcher) that the independent variables are correlated in explaining the dependent variable. Thus, the model tried to establish the effect of the study's independent variables and also to determine the significant relationship of independent variables on the dependent variable. Therefore, the researcher collected data that assisted the study. The data possesses nominal, ordinal and interval scaling characteristics.

3.4 Population of the Study

Population refers to the entire group of people, events or things of interest that the researcher wishes to investigate (Sekaran & Bougie, 2010). The authors further stated that population of the study is the group of people, events or things of interest for which a researcher wants to make inferences based on a sample. The study focused on all MLM distributors (male or female) operating in Kano metropolis. According to the register of the different MLM companies operating in Kano metropolis, there are Five thousand and twenty distributors (5020) registered. Kano metropolis has an estimated population of 2,828,861 people according to the National Population Commission, 2006. Therefore Kano metropolis represents an important unit in the state.

3.5   Sampling Size and Sampling Techniques

The sample design used for this study is convenience sampling technique. The researcher distributed questionnaires to distributors. Two hundred and fifty one (251) questionnaires were distributed and all were deemed fit for use. Distributors were given the questionnaire at three different seminar centers to fill and return. These centers are Tiens zonal office at no 31 Kurau road GRA Kano, Edmark seminar center at Bompai and Trevo seminar center on Zoo road all in Kano metropolis. According to Yamane (1997) a sample size can be derived by

n=N/1+N (e) where

n= sample size

N= population

E= error term (0.05)

1= constant.

Therefore based on the formula above a total number of 251 MLM distributors in Kano metropolis were chosen to represent the entire population of 5020 distributors.

3.6   Data Collection Method

The research employed primary sources only. It provided the researcher with fresh raw-fact that can be used to answer the research objectives and to test hypothesis. The research instrument selected for data collection was questionnaire, since questionnaire is seen as the most popular and widely used instrument for data collection in educational and social science research (Bichi, 2004) and is also considered the most appropriate for survey design

(Asika, 1991). The questionnaire was designed in such a way to measure the key variables of the research. The five point likert-scale measuring scale was used.

3.6.1 Questionnaire of the Study

The Questionnaire was prepared by the researcher using 5-points likert rating scale questions. The questions are grouped in to section A and B (see Appendix 2b) and the research questionnaires were derived from the literature review.

3.7 Reliabilities of the Constructs

The reliabilities of the constructs used in this study were assessed using Cronbach's alpha coefficients. The result of reliability of respondents of MLM consisted of 15 items questions and it shows that the overall Cronbach's Alpha value is 0.732 as presented in the table 3.1 below. This is in line with the standard set of 0.7 by (Asika, 1991) and that when calculated if the value is more than 0.7, it has established a high level of internal consistencies. However, all the 15 items have passed the reliability test because none of them had less than 0.7. (See Appendix 3).

Table 3.1   Internal Consistency Result

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.732	.732	15

Source: Generated by the Author using SPSS15.0, from Questionnaire Response, 2014

3.8   Pilot Study and Testing

A pilot study enable the research to reveal the ways of understanding the test instructions, reasonability of experimental setting, adequacy for restoring questions and to reveal if confusing questions are being asked in the instruments. To prove the reliability and validity of the research instruments, twenty five (25) people from the population were administered with the research questionnaire so that the entire items of questions from the instruments were evaluated. The researcher has retrieved only twenty (20) copies from them.

3.9   Administrations of the Questionnaires

The researcher administered the questionnaire to ensure the authenticity of the information provided by the respondents. The instrument is also designed to contain an accompanying letter of introduction which solicits cooperation from the respondents and equally a provision is made for explaining some technical terms to the respondents. The researcher also employed two research assistants; who helped in administering and retrieving the said questionnaires.

3.10   Data Analysis Techniques

For the purpose of this study, the use of both descriptive and inferential statistics were employed, descriptive statistics in the form of tabulation and frequencies depicted the responses obtained from distributors of MLM in Kano Metropolis, while inferential statistics was used as another method of analyzes by using of Chi-Square (X^2) statistical tools to determine the effect of the retrieve variables.

3.10.1 Chi-Square (χ2) Technique

This is a statistical tool that is used to provide non-parametric test on the effect between two or more variables. The Chi-square test was used to test all the hypotheses of the study using SPSS version 15. The Chi-square test is given by:

$$\chi 2 = \sum_{i=1}^{N} \frac{(F_o - F_e)^2}{F_e}$$

Where: $\sum$ = Summation (addition)

   N = Number of cells in the contingency table

   F_O = Observed frequency or value

   F_e = Expected frequency or value

   $\chi 2 =$ Chi-square

The Decision Rule:

1.   Reject Ho at 95 level of confidence (alpha-α 0.05) if the computed value of χ2 is greater than the critical (table value).

2.   Accept Ho at 95 level of confidence (alpha-α 0.05) if the computed value of χ2is less than the critical (table value).

There are of two types: chi-square test of goodness of fit which tries to explore the proportion of cases that fall into the various categories of a single variable and compares these cases with the hypothesized values. It tests the goodness of fit between theoretical and experimental data. It determines whether a frequency distribution follows a claimed distribution. The second type is the chi-square test of independence which tries to find out whether there is association between row variable and column variable in a contingent table

constructed from the sample. It also determines if the two (2*2) categorical variables are related/independent (test of homogeneity).

This study has chosen test of goodness of fit to test all the three (3) hypothesis to explore the statistically significant effect between each independent variables on the study's dependent variable of the sample drown from the population. This enables the researcher to accept or reject the Null hypotheses formulated in the study.

Chi-square test is employed for the data and researcher employs it to test the study's hypothesis due to its minimal requirement which state that only ability to create categorization of data into mutually exclusive class is required to apply it (X^2) to test differences when the data is in form of frequencies (Asika, 1991) have argued that when data involve higher level scale (interval and ratio) must be systematically reduced to ordinal scale so that frequencies could be taken. This study, however, employs Test of good fit to enhance the reliability of the findings. In addition, this test requires large sample by meeting the guideline which states that no more than 20% of the cells should have expected frequencies less than 5. But if it is violated, Fisher's Exact Test should be used instead.

The Decision Rules

Cohen (1988) cited in Manson (2000) states that the guidelines for interpreting the size of the effect or strength of relationship for Q and V/R coefficients are as follows:

1. If the coefficient is ≥0.70/0.71, there is much larger than typical relationship.

2. If the coefficient is =0.50/0.51, there is larger or larger than typical relationship.

3. If the coefficient is =0.30/0.36, there is medium or typical relationship.

4. If the coefficient is = 0.10/0.14, there is small or smaller than typical relationship.

5. It should be noted that the researcher resolves to interpret the overall effect size using three (3) bases which are: strong effect (0.70 to 1.00), average effect (0.50 to 0.60) and weak effect (0.00 to 0.40).

In conclusion, however, the research used descriptive statistics only to determine the frequencies in tabular form and to measure central tendencies.

CHAPTER FOUR

DATA PRESENTATION, ANALYSES AND INTERPRETATIONS

4.1 Introduction

In this chapter the data generated from the field for the purpose of this research is presented and analyzed. The chapter presents a summary of the responses to the questionnaires given to the respondents that participated in the study. The result obtained from the data analysis was subsequently discussed and interpreted. Therefore, answers for research questions as well as testing of hypothesis, which were earlier presented in chapter one are found in this chapter.

4.2 Characteristic of the Respondents

Data for the study was collected through questionnaires. The respondents' characteristics are presented using descriptive statistic. The items of questionnaire retrieved and employed for the study is 251 and all of them are found to be worthy of analysis. The personal information of the respondents using descriptive statistics shows that 153 respondents representing 61% are male while 98 respondents representing 39% are females.

The age group of the respondents shows that 68 respondents representing 27% are between the age of 18-25years, 90 respondents representing 36% are between the age of 26-35years, 57 respondents representing 23% are in 36-45years, 22 respondents representing 9% are in 46-55years, 7 respondents representing 3% are between the age of 56-65years and finally, only one respondent is between the age range of 66years and above. There are 6 respondents that do not disclose their age representing 2.4% missing value.

From the questionnaires gather, the marital status of the respondents shows that there are 78 respondents representing 31% who are single. The married participants in the study are 131 respondents representing 52.2%, while 21 respondents representing 8.4% are divorced, 15 respondents representing 6% are widows, 4 respondents representing 1.6% are separated and the remaining 2 respondents representing 0.8% did not disclose their position. The respondents educational level shows that 125 respondents representing 49.8% are graduates, 36 respondents representing 14.3% are MBA holders, 13 respondents representing 5.2% are M.sc. holders, 12 respondents representing 4.8% are PhD holders, 61 respondents representing 24.3% own other qualifications and 4 of the respondents did not indicate their educational background (Appendix A).

4.3 Data Presentation and Analysis

Data collected are analyzed for the purpose of testing the hypothesis for the study to determine the socio-economic factors that influence the acceptance of multilevel marketing (MLM). The study aims at testing the effect of independent variables which are: influence of income on the acceptance of MLM, influence of awareness on the acceptance of MLM, influence of public attitude and dependent variable (Acceptance of MLM).

4.4 Test of Hypotheses

The Hypotheses are tested by comparing the calculated values of chi-square (X^2) with the critical value/tabulated value and it is agreed that if the calculated value is greater than the tabulated value, the Null Hypothesis is rejected and also if the calculated p-value is less than or equal to the tabulated p-value=0.005. Chi-square test of goodness of fit is used to test the

effect of size and relationship that exist between independent variables and dependent variable formulated in the three (3) different hypotheses of the study in chapter one (1.5).

4.4.1 HO1 Income does not have significant effect on acceptance of MLM in Kano Metropolis

This sub section presents and discusses the result of the responses retrieved from the item of questionnaires administered to the respondents of MLM in Kano Metropolis. The research used the result to test the effect of income on acceptance of MLM in Kano Metropolis using Chi-square test of goodness of fit. The summary of the responses are presented in table 4.1 below.

Table 4.1 Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
MLM IS GOOD WAY TO EARN EXTRA INCOME	251	3.8406	1.00722	1.00	5.00
MLM'S EARNINGS PROPOTIONATE TO MY EFFORT PUT	251	3.7371	1.00925	1.00	5.00
MLM'S EARNINGS ARE PREDICTABLE AND REGULAR	251	3.6932	.99474	1.00	5.00
MLM IS ALTERNATIVE MEANS OF GETTING INCOME	251	3.8406	1.00722	1.00	5.00
MLM BUSINESS PROVIDES VERY HUGE INCOME TO DISTRIBUTORS	251	3.0343	1.23234	1.00	5.00

Source: Generated by the Author using SPSS15.0, from Questionnaire Response, 2014.

Table 4.1 above shows that the responses with regard to Income. It shows that does not have significant effect on acceptance of MLM in Kano Metropolis. The total numbers of the

respondents (N) that have returned the items of questionnaire were two hundred and fifty one (251). The minimum and maximum values represent the range of options available to the respondents for them to choose one option out of the five options of the 5 point likert scale range. The respondents agreed with the statement that MLM is a good way to earn extra income with (Mean = 3.84 and Standard Deviation of 1.007), they also agreed that there earning are proportionate to the efforts put in MLM business (M= 3.74 and SD= 1.009). The result of the question with regard to MLM earning are predictable and regular showed that the respondents have agreed (M=3.69 and SD=0.99). The result of the data in respect of the question which states that MLM is an alternative means of getting an income. It was shown that (M=3.84 and SD=1.009) the respondents agreed that MLM is an alternative means of getting an income in Kano Metropolis. With respect to whether MLM businesses provide very huge income to distributors, the result indicates that the respondents are neutral with it (M= 3.03 and SD= 1.232).

Table 4.2 Chi-Square Result on Effect of Income Influence on Acceptance of MLM in Kano Metropolis

Test Statistics

	MLM IS GOOD WAY TO EARN EXTRA INCOME	MLM'S EARNINGS PROPOTIO NATE TO MY EFFORT PUT	MLM'S EARNINGS ARE PREDICTA BLE AND REGULAR	MLM IS ALTERNA TIVE MEANS OF GETTING INCOME	MLM BUSINESS PROVIDES VERY HUGE INCOME TO DISTRIBUTORS
Chi-Square(a)	142.367	144.359	135.873	141.928	55.235
Df	4	4	4	4	4
Asymp. Sig.	.000	.000	.000	.000	.000

a 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.2.
Source: Generated by the Author using SPSS15.0, from Questionnaire Response, 2015.

The table 4.2 represents the result of Chi- Square (X2) test of goodness of fit. A key objective of this research work is to determine the extent at which income influence has significant effect on Acceptance of MLM in Kano metropolis. The hypothesis HO1 states that the "Income influence does not have significant effect on acceptance of MLM in Kano Metropolis". The values of calculated X^2 of all the Five (5) cases above are greater than or equal to the tabulated X^2=9.49 at 4 degree of freedom. This shows that the rejection of Null Hypotheses confirming that there is significant relationship between income influence and acceptance of MLM in Kano metropolis. The overall result shows that income influences have significant effect on the Acceptance of MLM in Kano Metropolis.

Table 4.3 Summary of the Responses of Effect of Awareness on Acceptance of MLM in Kano Metropolis

Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
UNDERSTANDING OF MLM IN KANO IS LOW	251	3.7689	1.35144	1.00	5.00
MLM HAS REACHED AN APPRECIABLE LEVEL OF AWARENESS	251	2.7928	1.35827	1.00	5.00
AWARENESS TRAINING IS CONDUCTED AT OFFICES,HOME AND RENTAL HALL	251	3.8367	1.04748	1.00	5.00
AWARENESS IS NEEDED FOR JOINING MLM	251	3.2320	1.34514	1.00	5.00
AWARENESS LEADS TO SUCCESS	251	4.2200	.96713	1.00	5.00

Source: Generated by the Author using SPSS15.0, from Questionnaire Response, 2015.

The table 4.3 above shows the responses with regard to responses of effect of Awareness on Acceptance of MLM in Kano Metropolis. The total numbers of the respondents (N) that have returned the items of questionnaires are Two Hundred and Twenty (251). The maximum (5= Strongly Agreed) and Minimum (1= strongly disagreed) indicated the 5 point likert scale ranges of options that are given to the respondents for answering the questions in the questionnaire from the table 4.3 above. The respondents have agreed that there is low understanding of MLM in Kano metropolis (M= 3.78 and SD 1.351). It is disagreed by the respondents that MLM has reached an appreciable level of awareness in Kano Metropolis with (M=2.75 and SD 1.358). They are agreed in respect of whether awareness training for prospects is conducted both in the office, home and rented hall (M=3.84 and SD= 1.047). In relation to whether awareness is needed for joining MLM, the respondents are neutral or undecided as shown by the result of data analysis (M= 3.23 and SD 1.345). The result of the question as regard to awareness and understanding leads to success, the result showed that respondents strongly agreed as indicated in table 4.3 (M=4.22 and 0.967). It is resolved that the overall result of descriptive statistics shows that the Awareness has significant effect on the Acceptance of MLM in Kano Metropolis.

Table 4.4 Chi-Square Results on Effect of Awareness on Acceptance of MLM in Kano Metropolis.

Test Statistics

	UNDERSTANDING OF MLM IN KANO IS LOW	MLM HAS REACHED AN APPRECIABLE LEVEL OF AWARENESS	AWARENESS TRAINING IS CONDUCTED AT OFFICES,HOME AND RENTAL HALL	AWARENESS IS NEEDED FOR JOINING MLM	AWARENESS LEADS TO SUCCESS
Chi-Square(a,b)	101.968	15.992	121.211	26.280	208.200
Df	4	4	4	4	4
Asymp. Sig.	.000	.003	.000	.000	.000

a   0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.2.
b   0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.0.
Source: Generated by the Author using SPSS15.0, from Questionnaire Response, 2015

This is the result of Chi-square (x2) test of goodness of fit in table 4.4 above. Hypothesis HO_2 states that "Awareness influence does not have significant effect on acceptance of MLM in Kano Metropolis". The values of calculated X^2 of all the Five (5) cases above are greater than or equal to the tabulated $X^2=9.49$ at 4 degree of freedom. This shows the rejection of Null Hypotheses confirming that there exist significant positive relationship between Awareness and Acceptance of MLM in Kano Metroplolis. Alternate Hypotheses are retained as all calculated p-values=0.000 are less than or equal to tabulated p-value=0.05 the overall result shown that Awareness has significant effect on the Acceptance of MLM in Kano metropolis.

Table 4.5 Summary of Responses on the Effect of Public Attitude on Acceptance of MLM in Kano Metropolis

Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
NON ACCEPTANCE OF MLM BECAUSE OF HAWKING	251	4.0403	1.07152	1.00	5.00
CONSISTENT EDUCATION ON MLM IMPROVE ACCEPTANCE LEVEL	251	3.6463	1.06566	1.00	5.00
ATTITUDE OD MLM MEMBERS AFFECT ACCEPTANCE OF MLM	251	2.7590	1.26927	1.00	5.00
GOOD COMPANY IMAGE LEAD TO ACCEPTANCE OF MLM	251	3.6160	1.28012	1.00	5.00
ACCEPTANCE OF MLM IS INFLUENCED BY PRODUCT QUALITY	251	3.7189	1.26415	1.00	5.00

Source: Generated by the Author using SPSS15.0, from Questionnaire Response, 2015.

The table 4.5 above has shown the responses with regard to the effect public attitude on acceptance of MLM in Kano Metropolis. The total numbers of the respondents (N) that have returned the items of questionnaires were two hundred and twenty (251). The response with regard to the question which states that non acceptance of MLM is because it is all about hawking the product, respondents indicates they have agreed, (M=4.04 and SD= 1.072). The study also showed that the respondents have agreed that there is need for consistent education on MLM in order to improve acceptance level of the product with (M=3.65 and SD =1.067). But in respect of whether the attitude of MLM members affect the acceptance of MLM the respondents indicated their disagreement as shown by the result of data

analysis (M=2.80 and SD=1.270). The respondents agreed with the statement that good

company image will lead to acceptance of MLM as the result of field survey shown

(M=3.62 and SD=1.280). The result of the question as regard to acceptance of MLM is

influenced by product quality, the result showed that respondents Strongly agreed as

indicated in table 4.5 (M=3.72 and SD=1.264).

Table 4.6 Chi-Square Result on Effect of public attitude on MLM product have significant effect on the acceptance of MLM in Kano Metropolis

Test Statistics

	NON ACCEPTANCE OF MLM BECAUSE OF HAWKING	CONSISTENT EDUCATION ON MLM IMPROVE ACCEPTANCE LEVEL	ATTITUTE OD MLM MEMBERS AFFECT ACCEPTANCE OF MLM	GOOD COMPANY IMAGE LEAD TO ACCEPTANCE OF MLM	ACCEPTANCE OF MLM IS INFLUENCED BY PRODUCT QUALITY
Chi-Square	150.871[a]	110.545[b]	89.213[c]	55.000[d]	75.277[c]
Df	4	4	4	4	4
Asymp. Sig.	.000	.000	.000	.000	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 49.6.

b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 49.2.

c. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 49.8.

d. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.0.

Source: Generated by the Author using SPSS15.0, from Questionnaire Response, 2015.

The result of Chi-square (X^2) test of goodness of fit is in table 4.6 above, the Hypothesis

HO3 states that "Public Attitude on MLM product does not have significant effect on the

acceptance of MLM in Kano Metropolis? ". Another key issue of this research is to find out whether public attitude have impact on acceptance MLM in Kano metropolis, The values of calculated X^2 of all the five (5) cases above are greater than or equal to the tabulated $X^2=9.49$ at 4 degree of freedom. This shows the rejection of Null Hypotheses confirming that there is significant relationship between public attitude and acceptance of MLM in Kano metropolis. (See appendixes for details).

4.5 Discussion of Findings

The data analysis has revealed that all the three (3) hypotheses formulated in chapter one (1.5) of the study has been rejected predicting that the independent explanatory variables: Income influence; Awareness influence; and Public attitude have significant effect on acceptance of MLM in Kano Metropolis.

This research is the study that attempts to examine the factors that influence the acceptance of MLM in Kano metropolis. All the three Hypotheses formulated were rejected Income influence   Awareness influence and Public attitude of respondents on MLM are statistically significant. This implies that Income factor serves as the influencing factor that determines the acceptance of MLM. It sends a signal that the people who partake in business acting as sales force in MLM are doing so with the perception that the business is not only a source of additional income to the participants but a source of good income to be maintained as a business. Awareness, however, is seriously required to encourage people to participate in MLM business. It is a factor that influence people acceptance of MLM.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the major findings of the research work as well as the conclusion that was obtained from the outcome of the study. Also some recommendations as to further research are presented, as well as measures that can be taken to enhance the acceptance of MLM in Kano metropolis were subsequently made.

5.2 Summary of Findings

This study examines the factors that affect the acceptance of MLM in Kano metropolis. The investigation used a structured questionnaire as data collection instrument. Chi-square was used for the statistical analysis. Inferential statistic method was employed to determine the relationship between variables under study. The key findings of the study are consequently summarized below:

First from the research findings, it was concluded that income as a socio- economic variable was a factor that affect the acceptance of MLM business in Kano similar to the finding of Nga and Mun (2011). This however occurs due the fact that income is a major key for survival.

Secondly, among the key issues of the study is to ascertaining whether awareness is a factor that affect the acceptance of MLM in Kano metropolis. The finding of the study indicates that awareness is a factor that affect acceptance. Therefore there is a relationship between awareness and acceptance of MLM in Kano Metropolis, thereby rejecting hypothesis II.

The data analysis revealed that Hypothesis III is rejected; the findings confirm that there is significant relationship between public attitude and acceptance. This further throws more light to the fact that there is significant relationship between public attitude and acceptance of MLM in Kano metropolis. Thus rejecting Hypothesis III

5.3   Conclusion

Based on the foregoing findings, it was concluded that acceptance of MLM is dependent on ones income and awareness and public attitude. Income determines one's ability to enroll, buy, use and know the product while creation of awareness brings the product to the knowledge of the populist. It makes the product known and availability of the product.

Furthermore the study conclude that acceptance of MLM is not dependent on age, gender, or marital status due to the fact that these factors are not significant when deciding to accept MLM. Therefore there seems to be the need for MLM organizations and distributors to find out more factors that affect decisions to accept the business. The world is changing fast. The long term relationships can be attained through effective networks and quality networks. Product lifecycles are short but network lifecycle has no fixed life. Thus, It is the network lifecycle which matters and not the product lifecycle when it comes to network marketing and bridging the gap.

5.4   Recommendations

Based on the conclusions reached, the researcher proposes the following recommendations which are as follows:

i.   First, both the companies and distributor should consider the level of development of the country they are operating in terms of registration fee and the prices of the products.

This is because from the outcome of this research most respondents claim that income is a deciding factor when it comes to the acceptance of MLM

ii. All the operating MLM companies should put their hands on deck and harness the available resources to create awareness for the business. This means creating business programs aimed at creating public awareness of MLM and the benefits accruing to participants. This can be done through various strategically business plans such as big business shows (BBS), product training, and radio talk shows and road shows. These can enlighten the public, make them ask questions and encourage them to accept MLM business. Ability of MLM companies to create awareness is indispensable for continuous improvement in business. Therefore, the best way to ensure survival and success is to recognize the power of awareness creation.

iii. Age which was one of the variables tested was accepted as having no significant relationship to the acceptance of MLM. There companies should not pay attention to it, since people of any age who want to join can do so without any trouble.

iv. Marital status which is negatively correlated with acceptance should be ignored by both the companies and distributors. Being married, single, widow, or separated is immaterial in the decision to acceptance MLM business, therefore the variable should not be included in any of the company strategic plan.

v. Government should pay more attention to MLM business in Nigeria as a whole because it is an industry that can generate good revenue. The sector should be properly regulated by providing enabling law (Act) and guidelines that can check the operations of MLM business. It might help in protecting distributors against unethical practice and the likely fraudulent act that can be perpetrated by both the companies and the distributors.

5.5   Suggestion for Further Studies

Further research need to look deeper into the environment of MLMs, more specifically at the reason people join MLM in Nigeria. There is the need to conduct this study covering the whole country, Nigeria. Furthermore a similar study should be conducted in order to find the role of compensation in MLM. MLM being a gray area in Nigeria more research work could be replicated based what other researcher have done in the Western and Asian countries e.g. a study of direct selling perceptions in Northern Nigerian.

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APPENDIX I

BAYERO UNIVERSITY, KANO
SCHOOL OF POSTGRADUATE STUDIES

Dear Respondent,

This questionnaire is designed purely for academic research purpose. It is meant to aid in data collection that can satisfy requirement for award of M.sc degree in Marketing Management. The questionnaire is designed to source data for testing the factors that influence the acceptance of MLM in Kano metropolis. Your responses will be strictly treated as confidential and, therefore, your identity is not required.

Thank you in anticipation of cooperation and assistance.

Amina Muhammad Liman

(SPS/10/MMN/0029)

2348033491637

Researcher

QUESTIONNAIRE SCHEDULE

In this first section of the questionnaire, there are questions about you and you are required to tick

(√) where necessary and fill in the gap as objectively as possible

SECTION1: Demographic characteristics

1. Gender

Male	Female

2. Which of the following represents your age group?

18-25 years	26-35 years	36- 45 years	46 - 55 years	56- 65 years	66 and above

3. What is your marital status?

Single	Married	Divorced	Widowed	Separated

5. Educational level:- Bsc ☐   MBA ☐   Msc ☐   PhD ☐   others (please specify)

ITEM STATEMENT	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
	5	4	3	2	1
MLM is a good way to earn extra income.					
My earnings are proportionate to the efforts I put in MLM business.					
MLM earnings are predictable and regular.					
MLM is an alternative means of getting an income					
MLM business provides very huge income to distributors.					
The understanding of MLM in Kano metropolis is low.					
MLM has reached an appreciable level of awareness in Kano metropolis.					
Awareness training for prospects is conducted both in the office, home, or rented hall.					
Awareness is all that is needed for joining MLM					
Awareness and understanding leads to success					
Non acceptance of MLM is because it is all about hawking the products					
Consistent education on MLM would improve acceptance level					
The attitude of MLM members affect acceptance of MLM.					
Good company image will lead to acceptance of MLM					
Acceptance of MLM is influenced by Product quality					

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
MLM IS GOOD WAY TO EARN EXTRA INCOME	51.3071	55.214	.424	.527	.710
MLM'S EARNINGS PROPOTIONATE TO MY EFFORT PUT	51.4066	53.001	.589	.622	.795
MLM'S EARNINGS ARE PREDICTABLE AND REGULAR	51.4440	53.698	.539	.553	.700
MLM IS ALTERNATIVE MEANS OF GETTING INCOME	51.2863	53.780	.532	.613	.700
MLM BUSINESS PROVIDES VERY HUGE INCOME TO DISTRIBUTORS	51.6971	53.287	.431	.347	.707
UNDERSTANDING OF MLM IN KANO IS LOW	51.3651	53.183	.385	.345	.712
MLM HAS REACHED AN APPRECIABLE LEVEL OF AWARENESS	52.3693	57.817	.130	.395	.743
AWARENESS TRAINING IS CONDUCTED AT OFFICES,HOME AND RENTAL HALL	51.3112	56.065	.342	.275	.717
AWARENESS IS NEEDED FOR JOINING MLM	51.9544	55.552	.253	.336	.728
AWARENESS LEADS TO SUCCESS	50.9129	57.255	.308	.375	.721
NON ACCEPTANCE OF MLM BECAUSE OF HAWKING	51.1286	54.313	.443	.370	.707

CONSISTENT EDUCATION ON MLM IMPROVE ACCEPTANCE LEVEL	51.5353	59.191	.126	.074	.738
ATTITUDE OD MLM MEMBERS AFFECT ACCEPTANCE OF MLM	51.4066	54.851	.314	.303	.720
GOOD COMPANY IMAGE LEAD TO ACCEPTANCE OF MLM	51.8506	57.703	.155	.297	.739
ACCEPTANCE OF MLM IS INFLUENCED BY PRODUCT QUALITY	51.4647	55.775	.259	.385	.727

GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	153	61.0	61.0	61.0
	FEMALE	98	39.0	39.0	100.0
	Total	251	100.0	100.0	

AGE GROUP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25YEARS	74	29.5	29.6	29.6
	26-35YEARS	90	35.9	36.0	65.6
	36-45YEARS	57	22.7	22.8	88.4
	46-55YEARS	21	8.4	8.4	96.8
	56-65YEARS	7	2.8	2.8	99.6
	66 AND ABOVE	1	.4	.4	100.0
	Total	250	99.6	100.0	
Missing	System	1	.4		
Total		251	100.0		

MARITAL STATUS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SINGLE	79	31.5	31.5	31.5
	MARRIED	132	52.6	52.6	84.1
	DIVORCED	21	8.4	8.4	92.4
	WIDOWED	15	6.0	6.0	98.4
	SEPARATED	4	1.6	1.6	100.0
	Total	251	100.0	100.0	

EDUCATIONAL LEVEL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	B.Sc	129	51.4	51.4	51.4
	MBA	36	14.3	14.3	65.7
	M.Sc	13	5.2	5.2	70.9
	P.hD	12	4.8	4.8	75.7
	OTHERS	61	24.3	24.3	100.0
	Total	251	100.0	100.0	

MLM IS GOOD WAY TO EARN EXTRA INCOME

	Observed N	Expected N	Residual
STRONGLY DISAGREED	9	50.2	-41.2
DISAGREED	17	50.2	-33.2
UNDECIDED	45	50.2	-5.2
AGREED	114	50.2	63.8
SRONGLY AGREED	66	50.2	15.8
Total	251		

MLM'S EARNINGS PROPOTIONATE TO MY EFFORT PUT

	Observed N	Expected N	Residual
STRONGLY DISAGREED	11	50.2	-39.2
DISAGREED	17	50.2	-33.2
NEUTRAL	52	50.2	1.8
AGREED	118	50.2	67.8
STRONGLY AGREED	53	50.2	2.8
Total	251		

MLM'S EARNINGS ARE PREDICTABLE AND REGULAR

	Observed N	Expected N	Residual
STRONGLY DISAGREED	10	50.2	-40.2
DISAGREED	18	50.2	-32.2
NEUTRAL	60	50.2	9.8
AGREED	114	50.2	63.8
STRONGLY AGREED	49	50.2	-1.2
Total	251		

MLM IS ALTERNATIVE MEANS OF GETTING INCOME

	Observed N	Expected N	Residual
STRONGLY DISAGREED	10	50.2	-40.2
DISAGREED	14	50.2	-36.2
NEUTRAL	48	50.2	-2.2
AGREED	113	50.2	62.8
STRONGLY AGREED	66	50.2	15.8
Total	251		

MLM BUSINESS PROVIDES VERY HUGE INCOME TO DISTRIBUTORS

	Observed N	Expected N	Residual
STRONGLY DISAGREED	28	50.2	-22.2
DISAGREED	25	50.2	-25.2
NEUTRAL	58	50.2	7.8
AGREED	90	50.2	39.8
STRONGLY AGREED	50	50.2	-.2
Total	251		

UNDERSTANDING OF MLM IN KANO IS LOW

	Observed N	Expected N	Residual
STRONGLY DISAGREED	33	50.2	-17.2
DISAGREED	12	50.2	-38.2
NEUTRAL	30	50.2	-20.2
AGREED	81	50.2	30.8
STRONGLY AGREED	95	50.2	44.8
Total	251		

MLM HAS REACHED AN APPRECIABLE LEVEL OF AWARENESS

	Observed N	Expected N	Residual
STRONGLY DISAGREED	59	50.2	8.8
DISAGREED	56	50.2	5.8
NEUTRAL	43	50.2	-7.2
AGREED	64	50.2	13.8
STRONGLY AGREED	29	50.2	-21.2
Total	251		

AWARENESS TRAINING IS CONDUCTED AT OFFICES,HOME AND RENTAL HALL

	Observed N	Expected N	Residual
STRONGLY DISAGREED	12	50.2	-38.2
DISAGREED	12	50.2	-38.2
NEUTRAL	53	50.2	2.8
AGREED	102	50.2	51.8
STRONGLY AGREED	72	50.2	21.8
Total	251		

AWARENESS IS NEEDED FOR JOINING MLM

	Observed N	Expected N	Residual
STRONGLY DISAGREED	33	50.0	-17.0
DISAGREED	54	50.0	4.0
NEUTRAL	35	50.0	-15.0
AGREED	78	50.0	28.0
STRONGLY AGREED	50	50.0	.0
Total	250		

AWARENESS LEADS TO SUCCESS

	Observed N	Expected N	Residual
STRONGLY DISAGREED	9	50.0	-41.0
DISAGREED	3	50.0	-47.0
NEUTRAL	32	50.0	-18.0
AGREED	86	50.0	36.0
STRONGLY AGREED	120	50.0	70.0
Total	250		

NON ACCEPTANCE OF MLM BECAUSE OF HAWKING

	Observed N	Expected N	Residual
STRONGLY DISAGREED	13	49.6	-36.6
DISAGREED	7	49.6	-42.6
NEUTRAL	38	49.6	-11.6
AGREED	89	49.6	39.4
STRONGLY AGREED	101	49.6	51.4
Total	248		

CONSISTENT EDUCATION ON MLM IMPROVE ACCEPTANCE LEVEL

	Observed N	Expected N	Residual
STRONGLY DISAGREE	14	49.2	-35.2
DISAGREE	19	49.2	-30.2
NEUTRAL	57	49.2	7.8
AGREE	106	49.2	56.8
STRONGLY AGREE	50	49.2	.8
Total	246		

ATTITUDE OD MLM MEMBERS AFFECT ACCEPTANCE OF MLM

	Observed N	Expected N	Residual
STRONGLY DISAGREE	26	49.8	-23.8
DISAGREE	14	49.8	-35.8
NEUTRAL	39	49.8	-10.8
AGREE	85	49.8	35.2
STRONGLY AGREE	85	49.8	35.2
Total	249		

GOOD COMPANY IMAGE LEAD TO ACCEPTANCE OF MLM

	Observed N	Expected N	Residual
STRONGLY DISAGREE	34	50.0	-16.0
DISAGREE	33	50.0	-17.0
NEUTRAL	45	50.0	-5.0
AGREE	96	50.0	46.0
STRONGLY AGREE	42	50.0	-8.0
Total	250		

ACCEPTANCE OF MLM IS INFLUENCED BY PRODUCT QUALITY

	Observed N	Expected N	Residual
STRONGLY DISAGREE	24	49.8	-25.8
DISAGREE	19	49.8	-30.8
NEUTRAL	42	49.8	-7.8
AGREE	82	49.8	32.2
STRONGLY AGREE	82	49.8	32.2
Total	249		