



Perception of Financial Variants of Multilevel Marketing Strategy And Growth of Network Marketing Companies in Nigeria

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Abstract

The intense pressure on the Nigerian economy given the recent economic downturn has driven many Nigerians including entrepreneurs into multilevel marketing (MLM) schemes. Network marketing firms have in turn taken advantage of the economic situation to increase their activities in the Nation. Yet implication of this developed is yet to be explored in research. As such this study sought assess the relationship between financial factors (compensation and entry fees) in MLM strategy and motivation of Nigerian network entrepreneurs and determine the extent to which financial variants in MLM strategy affect growth of new NMOs in Nigeria. The study was a survey of 202 MLM entrepreneurs of Swissgolden, AIM Global and Longrich using googleforms online survey. Data obtained were analysed using descriptive (mean and standard deviation) and inferential statistics (correlation and regression analysis). The study revealed low success rate among entrepreneurs participating in MLM in Nigeria. The study found significant relationship between the financial variants and motivation to join MLM ($r=0.328$, $P<0.05$). Findings show that the reward system as a motivation to join MLM accounted for 36.2% variations in the growth potential of MLM while the entry fees accounted for 25.6%. The study recommended that entrepreneurs take due care in selecting MLM they sign up with. Companies using MLM to promote their products should also design suitable compensation plans as well as incentivize entrepreneurs for actual sale of products rather than recruitment.

Keywords: Multilevel marketing, Network entrepreneurs, Financial factors, reward system, entry fees, Nigeria