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**LEADERSHIP IN NETWORK MARKETING:  
EXPLORING THE PERSPECTIVES OF  
LEADERS IN  
NETWORK MARKETING COMPANIES**

A thesis presented in partial fulfilment of the  
requirements of the degree of

Master

in

Management

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New Zealand

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# DEDICATION

A leader is one who

**KNOWS** the way

**GOES** the way, and

**SHOWS** the way

(Author unknown)

To Snezana Trajanovska and Dragi Trajanovski

Thank you Mum and Dad for knowing, going and showing me the way.

# ABSTRACT

This thesis is an exploratory study of leadership in the network marketing industry from the perspective of leaders themselves. There is no intention to create a new leadership theory; this thesis simply explores leadership in an industry rapidly increasing in both volume and significance, but thus far neglected in leadership scholarship.

Thematic analysis within a social constructionist theoretical framework is used as a tool to analyse the data collected from semi-structured interviews with nine research participants representing five network marketing companies operating both in New Zealand and internationally. These participants have been leading teams of salespeople for a number of years in one or more network marketing companies. The interviewees were asked to discuss their experiences as either a past or current leader in their company. The analysis of the interviews focused on how leadership is realised in the leaders' relationships with their followers (team members), peers and mentors.

The findings are that: firstly, leaders in network marketing believe that leadership can be learned; and they view their role as a provider of technical support rather than of motivation (*nature* of leadership in network marketing). Secondly, leaders start their career in network marketing with materialistic reasons as their primary motivator and once these are satisfied, the primary motivator for continuing to lead declaratively moves to be among non-materialist reasons – but, as long as their income is not compromised (*purpose* of leadership in network marketing). Thirdly, leadership in network marketing fits a spectrum of leadership types depending on the context; and

leaders in network marketing use vision to overcome adversity, as well as success to re-iterate the vision (in the *context* of leadership in network marketing).

A further finding was that network marketers use metaphors in two main ways to describe their leadership practice. First, through their metaphors it can be concluded that they refer to themselves as ‘willing overcomers’, and second, they refer to their team members as ‘family’ whilst paradoxically linguistically objectifying them. Towards the end of this study, taking these results into consideration as they are seen by existing leaders in this industry, a portrait of a leader in network marketing is created.

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# CHAPTER ONE: INTRODUCTION

This chapter introduces the study of this thesis titled as ‘Leadership in network marketing: Exploring the perspectives of leaders in network marketing companies’. Firstly, it explains the background of the research and the rationale behind it, then it states the research question and objectives. After outlining the structure of the thesis, I describe in brief each of the remaining chapters.

## Research background

I have always had an interest in leadership in general and I have been partaking in leadership activities throughout my academic, professional and volunteering life. My interest in the specific topic of this thesis, ‘Leadership in network marketing: Exploring the perspectives of leaders in network marketing companies’, began when I started working in a network marketing company and I met people who were considered ‘leaders’ within the company and also people who were not. Both groups had the same starting position and the same opportunities within the company to achieve success according to the company’s parameters; and yet, not all of them were successful. In my own pursuit of success in the company, I started contemplating the probable causes for the distinctions between leaders and non-leaders in the industry of network marketing. What actions did network marketers consider to be part of leading a team? What attitudes did the leaders possess? What kind of leadership style is most effective in this industry? What is the role that leaders in network marketing companies play in retaining

their sales force? These were some of the questions that, I later discovered, were also asked by some of the already established researchers in the academic field of leadership.

During the two years I spent working in the industry of network marketing, I had many opportunities to meet and be trained by a number of highly respected leaders and trainers in this field from New Zealand as well as from overseas. This led me to personal observations of the ways these successful network marketers behave, think, and interact with their teams, which prompted me to consider that – although they all came from different backgrounds, countries and cultures – they all share attributes in common which distinguished them from the mass of other non-leading network marketers. It has also led me to a personal view (contrary to the negative image that society and the media in general associates with network marketing companies) that the training and mentoring provided by these companies and its executives impacts the lives of the representatives positively, especially in increasing their levels of both professional and personal development.

This coupled with my growing academic interest in leadership gave me the impetus to examine leadership in network marketing as an area of interest for this research. This study is my first attempt to understand what the leaders in this industry consider to be leadership, with its findings and conclusions being a social construction (Schwandt, 2003). This thesis is expected to contribute to the knowledge of leadership, particularly in the area of network marketing, with the aim to enhance the understanding of this industry and to encourage re-examination of the stereotypes associated with it.

## Research rationale and question

The industry of network marketing – also known as multi-level direct selling – had, in the first decade of the 21<sup>st</sup> century, more than 3000 companies, 50 million representatives, sales that exceeded 100 billion USD worldwide, and growth of 91% (Nichols & Seward, 2010). In a *BusinessWeek* article by Byrnes (2003), the Direct Selling Association president Neil H. Offen in 2003 said that in 1990 only 20% of their members had had multi-level pay packages, but 13 years later that percentage has increased to 80%. Since network marketing can rapidly and relatively inexpensively create large distribution networks, Sparks and Schenk (2001) believe that this trend is likely to continue; therefore, they are claiming that an examination of this organisational phenomenon is long overdue. Leadership among the sales force is one of the crucial aspects for the development of this phenomenon.

With the rising number of network marketing companies in the world, there are a lot of individuals starting to work in many of them with the intention of reaching a leadership position, as – according to the compensation structures of most network marketing companies – this is where the biggest income opportunities are located. Being at a leadership position in a network marketing company typically means that there is a team of independent sales representatives recruited by the leader, and by other members of the leader's team, who sell the company's products, services or both. A portion of the profits of each sale is paid to the representative who conducts the sale and other portions are paid to any other eligible team member who started working in the same team prior to when the representative who obtained the sale joined the team. Due to this

commission structure it is in the leader's interest that his or her team members who started working in their team after the leader, are able to perform to the best of their abilities.

Similarly, the managers in modern corporations are increasingly held responsible for ineffectiveness within their organisations (Breckenridge & Taplin, 2009) and are expected to exert power over their employees. Power as defined by Bass (1990) is the ability of one person (the agent) to cause another person (the target) to act in accordance with the agent's wishes. Two main types of power sources exist in organisations – power either originates from a person's role or position in the organisational structure, or it is personal power and as such is unique to the individual (Biggart & Hamilton, 1984; Pfeffer, 1981). Gioia and Sims (1983) have suggested that an individual's behaviour may have a strong effect on perceptions of power, yet little research has been done on antecedents of power, especially when the power does not originate from a hierarchical position the agent holds (Hinkin & Schriesheim, 1994).

In their USA study, Breckenridge and Taplin (2009) point out that after the demise of Fordist hierarchies, the role of managers in corporations has been changing due to the increase of insecurity in the career ladder and the end of former regular salary increases for both managers and workers. They demonstrated how the changing competitive environment in the 1980s has altered the traditional hierarchical structures; these are increasingly becoming subject to market forces and consequently companies have supplemented their hierarchical-shaped operations with network-forms of organising. According to Rubery, Earnshaw, Marchington, Cooke and Vincent (2002) network-

form organisations remove the elements of the power structure rooted within a hierarchy and instilled into people in managerial positions. Therefore, the decline of traditional managerial tasks and the rise of the number of individuals becoming involved in network marketing companies calls for a re-conceptualisation of the way leadership is viewed in the business area through the prism of network marketing.

The question of what leadership is has been the subject of many studies or, as Sashkin (2012, p. 7) says, “there has been almost as many leadership theories and models as authors who have written on the subject”. The historical overview of leadership research generally recognises the existence of three main eras that have followed in sequence. The first is the study of leadership traits, then the study of leader behaviour and, most recently, the examination of leadership in the context of its setting (Sashkin, 2012). Despite a longstanding interest in the practice and development of leadership, Bennis and Nanus (1985) draw attention to a notion of leadership being the most studied, but the least understood topic in the social sciences. However, Lindgreen, Palmer, Wetzels and Antioco (2009, p. 14) have concluded that “very few studies have examined the relationship between marketing practice and leadership styles”. Furthermore, having in mind that managers and companies view the retention of their sales force as a critical organisational objective (Deeter-Schmelz, Goebel, & Kennedy, 2008) and that this issue is also one of the most challenging in the network marketing industry (Nichols & Seward, 2010), it is into this ‘gap’ that my research fits. In recent years, academics have become increasingly aware of the significance of network marketing as a global phenomenon and its impact on individuals, as well as economies throughout the world.

Ladkin (2010, p. 21) suggests that “in order to understand leadership as a lived experience, it is important to study it within the particular worlds in which it operates”. As a phenomenon which arises from constructed social realities, the meanings it has for those engaged with it – either as leaders, followers or theoreticians – impacts significantly on how it is experienced or viewed. Therefore, I researched the historical aspects of the leadership theory as a starting point before I collected the data from interviews with network marketing leaders, which I then critically analysed by applying thematic analysis as my constructionist method of data analysis.

Before the start and during the research phase of this project, it was anticipated that this thesis would serve the purpose of identifying the most effective leadership styles in the network marketing industry. These styles would be noted for their ability to retain a sales force by displaying a range of practices and processes by which network marketing leaders can enthuse, manage and motivate the members of their organisation to work more effectively. But, after the pilot interviews and the interviews with the research participants, my inductive data analysis approach allowed me to modify my practical and detailed research question and it became a more general and descriptive question so as to respond to the needs of the current status of research of network marketing leadership. This thesis’s research question is to explore: how is leadership in network marketing perceived by the leaders in this industry? The question is addressed by looking at the nature, purpose, context and metaphors of leadership in network marketing. By answering these sub-issues, this thesis manages to create a profile of a typical network marketing leader along with his or her core beliefs.



## **Research objectives**

In general, the purpose of this research is to clarify this highly-desired, yet little-researched concept of leading in the network marketing industry and ‘to paint a picture’ of what makes a successful network marketing leader. Since the purpose of this study is to discover what leadership in network marketing is by examining what it means to the professionals involved, it suited a qualitative study. By investigating the opinions and actions of the people considered leaders in their respective network marketing companies, I aim to build a mosaic comprised of both leadership theory and practice in an attempt to describe a typical leader in a network marketing context.

More specifically, the goals of this research are primarily to give insights into the workings of network marketing companies and then to offer a theoretical framework for the types of leadership mostly used and mostly effective in these companies. Also, I expect that the findings of this research will add to the pool of theoretical knowledge and practical implications useful for further management studies. The findings in this thesis have the potential to benefit leadership training in network marketing companies, as well as managerial training in businesses employing a direct marketing sales force or utilising business models that include relationship or referral marketing as mechanisms for national and international expansion. The individual participants of the project can use the results to improve their own careers and transfer that knowledge to help other people working with them to do the same. Ultimately, my findings will increase the level of awareness about this under-researched business model and social area and hopefully, will entice other researchers to add their contributions to this knowledge.

## **Thesis structure**

The research strategy was to use a social constructionist approach to understanding leadership in the network marketing industry. This was done by conducting nine open-ended interviews with leaders of network marketing companies, some of which operate internationally. The results of my research were then compared with existing leadership theories. In this thesis, I present conclusions about how leadership in network marketing companies is perceived by experienced leaders in these companies whose experience in this industry ranged from one and a half years to 40 years. I approached the analysis of these interviews with thematic analysis – a method for identifying, analysing and reporting patterns or themes within data (Braun & Clarke, 2006). As a method of interview analysis, thematic analysis offers flexibility to organise data minimally and to describe it in rich detail.

This thesis is organised in the following manner. Chapter One (this chapter) explains the research background, rationale and objectives. It also informs the reader about the basic structure of the thesis and essentially contains the research question. Chapter Two describes the literature surrounding leadership in general, as well as in the context of network marketing. The chapter starts by defining the concept of ‘network marketing’ and presenting its current status in the world. It then defines the word ‘leadership’ and offers an overview of the most common leadership theories including the ones relevant to my findings. Chapter Three critically describes the research process, along with any ethical considerations, but it also reviews the method used in analysing the data I collected. In chapter Four I present the findings of my research, followed by a

discussion in which the findings are analysed against the literature review. Chapter Five is the final chapter. It contains conclusions from this research, its limitations, and recommendations for future research.

## **Summary of chapter One: Introduction**

The introductory chapter of this thesis discussed how my previous leadership experiences, both personal and professional, led me to the study of this field. This thesis' research rationale is based on the realisation that major leadership theories do not adequately describe leadership in network-form organisations, especially network marketing companies which are increasing their presence globally. From this rationale, the predominant research objectives such as providing insights into the workings of these companies and identifying the main characteristics of its leaders as perceived by their peers, were derived. The thesis is structured in the prescribed manner of this Introduction (chapter One) being followed by a Literature review (chapter Two), Method (chapter Three), Findings and discussion (chapter Four) and it ends with a Conclusion (chapter Five). The chapter that follows reviews literature on network marketing and leadership theory.

## **CHAPTER TWO: LITERATURE REVIEW**

This chapter starts by describing the structure, specific operating style and current status of network marketing companies around the world. It also provides an overview of existing research in network marketing, as well as key observations of the relationship between marketing practice and leadership. This chapter concludes with the most common definitions of leadership followed by a review of the salient theories and prominent researchers in the field of leadership.

### **Network marketing**

#### **Definition of network marketing**

The term ‘network marketing’ is used by practitioners (Berry, 1997); it also appears in academic articles (Coughlan & Grayson, 1998; Kong, 2001; Pratt, 2000) and trade publications such as Network Marketing Business Journal, as well as numerous online forums and portals of which the NetworkMarketingTimes.com is an example. Network marketing is also commonly referred to as multi-level marketing (World Federation of Direct Selling Associations, 2013a). However, Berry (1997) noted that these labels are sometimes associated with negative connotations causing some practitioners to prefer the use of the more generic term – ‘direct selling’.

Network marketing is only one form of direct selling. In New Zealand, the Business Industry Description Website used by the Accident Compensation Corporation (ACC), Inland Revenue Department (IRD), Statistics New Zealand (SNZ), and business people

to find a particular business industry description and code, defines network marketing as ‘non-store retailing’ (“Determining your business industry description and code,” 2013). Although selling over the telephone and Internet can also be considered as ‘non-store retailing’, this thesis considers only direct selling as defined by Peterson and Wotruba (1996, p. 2) – “face-to-face selling away from a fixed retail location”. The World Federation of Direct Selling Associations (WFDSA) describes direct selling as: “a dynamic, vibrant, rapidly expanding channel of distribution for the marketing of products and services directly to consumers” (World Federation of Direct Selling Associations, 2013b).

Besides multi-level, direct selling can take a single-level form where the new direct seller is usually recruited and trained by managers appointed by the company and offered an opportunity to make a profit by selling the products of that company (Brodie & Stanworth, 1998). Throughout this thesis, I focus my research efforts on only the multi-level format of direct selling where the recruitment and training of the new direct seller is done by an existing salesperson in the company who also accepts responsibility for the ongoing training and motivation of the recruit. New recruits make profit from their own sales but also earn commissions and bonuses from the sales of those direct sellers whom they recruit, directly or indirectly, into the business (Brodie & Stanworth, 1998).

Network marketing companies (such as Tupperware, Mary Kay Cosmetics, Amway Products, Avon, Nu Skin, Intimo, Herbalife and ACN – American Communications Network) can be defined as “corporate-level producers that market branded goods or

services through networks of independent, member-owned distributorships, which are usually operated from members' homes" (Sparks & Schenk, 2001, p. 850). To become a distributor or a representative of a network marketing company, the individual usually needs to purchase from the corporate-level producer one or a combination of the following: training, promotional materials, and a certain amount of inventory during a specific time period. Representatives then resell their inventories primarily to residential customers, often beginning with family and friends. The following extract illustrates how Sparks and Schenk (2001) have defined the structure of network or multi-level marketing (MLM) companies:

MLM distributorships provide members with two sources of income. The first comes from product sales. Relying on the same basic skills as outside industrial salespeople, successful MLM members identify and qualify sales prospects, contact them, arrange to meet them and present the benefits of the good or service, then close the sale. To grow their distribution networks, corporate-level producers offer members a second source of income: commissions on sales by new members that current members recruit. To enhance this recruiting incentive, most MLMs pay commissions on multiple levels of recruits – hence, the term multi-level marketing (Sparks & Schenk, 2001, p. 851).

This means that the network marketing members receive commissions from both the sales conducted by the new members they personally recruit as well as the sales made by members their recruits introduce into their team, and so on. In both theory and practice this enables network marketing business owners to earn commissions from sales made by hundreds or thousands of members in their teams. Sparks and Schenk (2001) also say that “although MLM members own independent home-based businesses, they do not operate them in isolation from one another – in fact, MLMs

establish elaborate systems of support through which members receive guidance and leadership from each other” (p. 851).

Network marketing, although not a new phenomenon, is a relatively new term as a subject for leadership research. Despite having significant growth in recent years, very little is known about the size or contribution of the direct selling industry with regard to the economy or the lives of those involved in it (Brodie & Stanworth, 1998). Clarke (1999) claims that this type of selling originated in the US during the early 1950s when party-plan selling challenged the ‘foot in the door’ technique of the ‘Fuller Brush’ salesmen, where the salesmen would try and get over the threshold, into the home to sell their products. This approach became associated with negative stereotypes of aggressive travelling salesmen and commercial travellers (Clarke, 1999). On the other hand, selling through parties in the host’s home thrives on familial relations (Sayers, 2005).

Network marketing companies offer a ‘turn-key’ system (Nichols & Seward, 2010, p. 14), similar to franchising, where representatives are authorised to use the company’s name, logo, website, documents, and anything else available, including training and support. The new representative is placed in a team – almost always in the same team in which his or her recruiter is working. Depending of the dynamics of that particular team, the new representative might be assigned an experienced team member to support or mentor them, especially at the beginning of their career with the company. This person can be the recruiter, or it can be another representative who started working earlier within the same team. Regardless, the person assigned to train and support the new representative is someone who has been working in the company sufficiently long

to have displayed leadership capabilities to the company and the rest of the team members. In this case, the leader shows the new team member how the company's compensation plan, products, services and support system operate. The leader answers their questions and might even conduct the first few product and business opportunity overview presentations in an attempt to help the new representative acquire their first customers and also gain new sales representatives within their team.

The new representative is expected to absorb this information as well as learn how to do the same for the new team members they themselves recruit, while at all times following the policies and procedures prescribed by the company's corporate office. Most network marketing companies recommend that new representatives initially start working in their network marketing business on a part-time basis while learning how to operate it. Network marketing representatives have flexibility in deciding how many or which hours they can spend on selling the company's products or services and also expanding their network of sales representatives. This way of operating combines elements of traditional selling and small business entrepreneurship and as such uses a fluid organisational structure. This poses some complex leadership issues and questions such as: What is the nature of the relationship between the leaders and their team members? What attitudes and knowledge does a leader possess that a non-leader does not possess? What motivates the leaders to continue leading their team after achieving personal success and when faced with challenges? Can leadership in network marketing be learnt?



## **Status of network marketing in the world**

According to the USA Direct Selling Association (1999), from 1991 to 1998, the number of members involved in multi-level or network marketing grew from 5.1 million to 9.7 million members and the annual sales of these companies grew from \$13 billion USD to almost \$23 billion USD. The most recent available data shows that the industry of network marketing in 2010 had more than 3000 companies, 50 million representatives, sales that exceeded \$100 billion USD worldwide and growth of 91% in the last 10 years concluding with 2010 (Nichols & Seward, 2010). The website of the Direct Selling Association of New Zealand Inc (a member of WFDSA – World Federation of Direct Selling Associations) has published a history of the growth in sales in NZ since 1987 when they started recording their annual sales (see Table 1). They are attributing this “to the continuing growth in the number of direct selling companies across all forms of direct selling” (Direct Selling Association, 2013).

Table 1: Growth in direct selling in New Zealand

<b>Year</b>	<b>Combined retail turnover (in millions of NZ \$)</b>	<b>Combined sales force (distributors/agents/support staff)</b>	<b>Percentage change retail</b>	<b>Percentage change sales force</b>
1988	100	35000	43%	204%
1992	160	60000	60%	71%
1993	180	65000	13%	8%
1994	190	68000	6%	5%
1995	195	68000	3%	0%
1996	172	76000	-12%	12%
1997	174.9	91000	2%	20%
1998	185.5	90,000	6%	-1%
1999	186.4	95,000	0.4%	6%
2000	186.9	97,000	0.3%	2%
2001	193.5	102,000	3.5%	5%
2002	205.1	109000	9.7%	11%
2003	220.6	114117	7.7%	5%
2004	220.7	104718	0.1%	-9%
2005	234.8	110233	6.4%	6%
2006	235.1	127965	0.1%	16%
2007	231.4	111116	-2%	-3%
2008	231.9	131163	0.2%	18%
2009	232.6	121971	0.6%	-7%
2010	234.8	125322	0.9%	3%
Average change over last 10 years			+3%	+3%

Source: <http://www.dsanz.co.nz/statistics/growth.html>

Despite this rapid and impressive growth, network marketing companies and their representatives are also attracting controversy, partly because they are associated with pyramid schemes, chain letters, and other fraudulent business practices. However, what distinguishes a legitimate network marketing company from the above-mentioned

schemes is the source of earnings that primarily comes from sales of products to customers, not from recruiting new distributors. There are legal constraints that limit companies when offering earnings to their members for solely recruiting other members – the earnings must be generated from the commissions from the sales conducted by the recruits.

From traditionally offering cosmetics, household cleaning products and kitchen utensils, at the present time network marketing representatives can be found selling a wide range of products and services, such as nutritional supplements, jewellery, children's toys, life insurance, and telephone services (Salter, 1997). Network marketing companies provide an adoptable marketing channel and since more countries are deregulating electricity and other historically government-owned service industries, companies operating in a multi-level direct sales model have started entering these markets as well (King, 1996).

## **Overview of research in network marketing**

The research on all aspects of direct selling has been sparse (Albaum, 1992; Peterson & Wotruba, 1996). My research has led me to the conclusion that the studies existing in the field of network marketing have not delved into the characteristics of leaders in multi-level direct selling teams as perceived by the leaders themselves. A comprehensive profile of direct salespeople was presented by Bartlett (1994) based upon his research done for the USA Direct Selling Association, but no distinction was made between leaders and non-leaders, nor between multi-level and single-level salespeople. The same observation can be made with regard to Grayson (2000) who studied direct sellers in Germany and the UK.

Brodie, Stanworth and Wotruba (2002) conducted a study with 469 multi-level and 204 single-level direct salespersons in the UK which showed differences between these two groups in their demographic, behavioural and attitudinal characteristics, but no distinctions were made between leading and non-leading multi-level marketing salespeople. Their study was an attempt to expand on the work of Wirtblin Worldwide (1997) that has also produced a report for the USA Direct Selling Association. This was the first study recognising possible differences between single-level salespeople – who were more likely to enjoy selling – and the multi-level salespeople who were more likely involved in this industry for the financial gain. Wirtblin Worldwide's report (1997) also noted that the increase of multi-level companies was primarily a recent phenomenon; therefore, studies of direct salespeople in the aggregate in the early 1990s or before are likely to be heavily weighted by respondents in single-level firms, thereby reflecting the conditions in single-level organisations. Hence, research results from prior studies may not be comparable or consistent when attempting to provide an account of a leader of salespersons in network marketing organisations in terms of their behaviour, attitudes, motivations, and descriptive characteristics.

There have been negative findings of the network marketing industry in the literature as well. The use of network marketing representatives' personal relationships to sell products and recruit new people in the network is one example. As network marketing companies encourage distributors to recruit family and friends as distributors and consumers, this major strength of network marketing – the potential to utilise the social capital of its participants – might be seen as exploitation of relationships. Taylor (1997) reached this conclusion after completing a survey of 100 persons approached to

participate in network marketing programs. He reported that this facet of the business is offensive to most people as once they are approached to join a network marketing company by their relative or friend they feel that advantage is being taken of their relationship. In the book *False profits: Seeking financial and spiritual deliverance in multilevel marketing and pyramid* by FitzPatrick and Reynolds (1997) the multi-level business model is referred to as 'a market place hoax' – as it is believed that the business is primarily a scheme to continuously enrol distributors with only little product ever being retailed to the consumers who are not also enrolled as distributors. Another negative remark with regards to multi-level marketing is supported by Taylor (1997) from the USA Consumer Awareness Institute who spent two years researching the network marketing industry as both a distributor and a researcher interviewing hundreds of multi-level marketing participants; he found that network marketers face many difficulties in generating the large amounts of money that were promised to the diligent.

On the other hand, much of the scholarly focus is on the role of leadership in organisations operating in a traditional context, but the findings may differ between network marketing scenarios. Among the wide range of different approaches to the study of leadership, one of the most well-known is the transactional and transformational leadership framework (Bass, 1985). Transactional leaders view their relationship with their followers as an exchange process based on the principles of rewarding and punishing (Bass & Avolio, 1993). For example, a leader using this type of leadership would offer praise or prize for their follower reaching a goal and will use a negative reinforcement when errors are made. On the other hand, transformational leaders will use methods such as empowerment, encouragement, pride and respect to

increase their followers' level of interest towards achieving the group's goals (Jung & Sosik, 2002).

There have been studies evaluating the efficacy of both transactional and transformational leadership types in both face-to-face groups (Judge & Piccolo, 2004) and virtual groups similar to the ones found in a network marketing environment (Ruggieri, 2009). There have also been studies about the impact of these two leadership types among medical representatives (Ali, Babar, & Bangash, 2011), executive MBA students (Lindgreen et al., 2009), employees in the information technology industry (Suri & Prasad, 2011), and employees in large international corporations (Ismail, Mohamed, Sulaiman, Mohamad, & Yusuf, 2011). To my knowledge, however, no study has examined the impact of different leadership types in network marketing companies. Although there is an example where salespeople have been subject to leadership style-related research by Jaramillo, Grisaffe, Chonko, & Roberts (2009), the results of this study reflected only the views of the followers.

## **Relationship between marketing practice and leadership**

In business, results from empirical studies show that the specific leadership attributes used need to be adapted to the type of marketing the company is practising (Lindgreen et al., 2009). Various marketing practices do not differ only by the marketing techniques they have adopted, but also by their underlying attitude towards the employees, customers, and all of the other stakeholders. In network marketing especially, leaders' development should be focused on understanding how to manage, inspire, and enthuse their team members – independent representatives who should work efficiently. This

thesis will be focusing on researching the specific behavioural, attitudinal and motivational characteristics of leadership most widely adopted by leaders already working in the field of network marketing.

In the network marketing industry every representative is an independent business owner, where the corporate structure of subordinates and superiors is replaced with teams and their leaders. As discussed earlier, the leaders of network marketing teams have relatively less positional power than managers of corporate teams since they have no authority to hire or fire any team members; as well, there are no opportunities to monetarily reward or sanction the independent representatives working within their team. In these situations, French and Raven (1959) believe that leaders who do not have much positional power must rely on ‘referent power’ – meaning, that the aesthetic dimension of a leader’s bearing can be particularly important in a network marketing environment. The suggestion that “followers perceive the elegance, awkwardness, comedy or beauty of a leader’s performance even as they judge its relevance and effectiveness” is made by Ladkin (2008, p. 32) and it is highlighted by her as a key area for further research.

The representatives are expected to build both a personal customer base and a distribution network that would do the same. Therefore, success in both the network marketing industry and industries practising the traditional form of marketing are measured using different performance parameters. In network marketing, in addition to the level of customer commitment (used as a performance measurement in the traditional business model), there are other measures of success, such as the

commitment level of the network partners (team members), their trust, expected positive word-of-mouth behaviour, and the expectation of relationship continuity (Lindgreen et al., 2009). Conventional leadership theories locate business leadership in an individual who possesses a range of competencies or behaviours traditionally working in large corporations. However, the growth of network marketing throughout the world, being one of the non-traditional forms of organising, calls for a re-examination of the way business leadership is viewed. This can be done by studying leadership in a network marketing setting.

## **Leadership theory**

Unlike the research on network marketing, research on leadership has been immense with thousands of studies already conducted (Alvesson, 1996) in areas such as anthropology, sociology, physiology and political science (Ladkin, 2010). In order to provide historical background and the context of the current state of the area of leadership research, the most widespread definitions of leadership and the most common scholarly views concerning the origin of leadership theories will be discussed next.

## **Definition of leadership**

In the process of reviewing the leadership literature, it can be easily observed that one of the most prominent aspects of leadership studies in general is the difficulty of defining the term 'leadership'. The spectrum of definitions of this term ranges from leadership as a 'process' of influence in which leaders exercise the higher levels of influence over



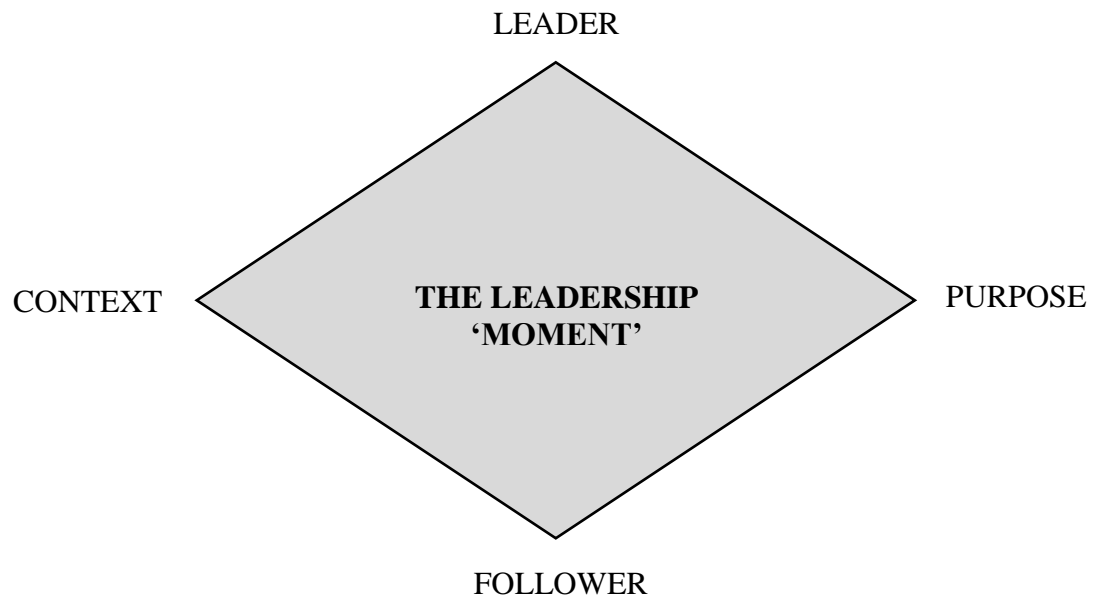
followers than followers do over themselves (Gibb, 1954), to leadership as a ‘partnership’ (Block, 1993, in DuBrin, 2001) and leadership as “an ability to inspire confidence and support” (DuBrin, 2001, p. 3). Nirenberg (2001, p. 3) explains the discrepancy among scholars on the definition of leadership as “an unfortunate consequence of the lack of agreement about whether leadership is a position, a person, a behavioural act, a style or a relationship”. Ladkin (2010) adds another perspective to defining leadership as a moment in social relations – she argues that:

...leadership cannot exist apart from the particular individuals who are engaged and involved in any leadership dynamic. Leadership does not exist without people who are in some way identified as ‘leaders’ or people who are identified as people who they will lead. Neither can it exist outside of a particular community or organizational culture or history (p. 26).

Recognising leadership as a ‘moment’ when understanding leadership implies that we can look at the reality of leadership only within the specific context in which it arises. Figure 1 depicts Ladkin’s (2010) leadership ‘moment’ that “identifies the ‘pieces’ of leadership which interact in order for leadership to be experienced” (p. 27). The author also says that:

Leaders must relate to followers and together they interact within a particular context and work towards an explicit or implicit purpose. These pieces also interact dynamically, with the consequence that the way in which followers perceive the context will affect the way in which they interpret the leader’s pronouncements, the follower’s behaviours will affect the leader’s and together a leader’s and followers’ actions will demonstrate how a purpose is being understood and embodied (Ladkin, 2010, p. 27).

Figure 1: The leadership 'moment' (Ladkin, 2010, p. 28)



In this thesis, besides exploring network marketing leadership in its context and its purpose, I will be also exploring the nature and metaphors of leadership as a process in discovering ways in which people work cooperatively together in a network marketing context. Kalpana (2009, p. 25) believes that “leadership is a process by which a person influences others to accomplish an objective and directs the organisation in a way that makes it more cohesive and coherent”. Furthermore, he adds that “leaders carry out this process by applying their leadership attributes such as beliefs, values, ethics, character, knowledge and skills” (p. 25).

An example of how the context in which leadership is discussed impacts the definition of it, can be seen in the historical literature on leadership and leaders. Although the historical context of leadership is vast and very diverse, in it a leader is mostly defined as a position and portrayed as a ruler, warrior, hero and other archetypes included in the

meaning of leadership by following the pattern of thinking of leaders as “great men, responding to great needs, by doing great things” (McGill & Slocum, 1998, p. 43). In their work of reviewing leadership definitions, Stogdill (1974) and Bass (1990) have examined and systematically categorised thousands of leadership references, presenting us with an immense variety of definitions. The categories of leadership definitions emerging from Bass’ (1990) research, are presented in Table 2.

Table 2: Bass’ categorisation of leadership definitions (Bass, 1990)

Leadership as a focus of group processes
Leadership as personality and its effects
Leadership as the art of inducing compliance
Leadership as the exercise of influence
Leadership as an act or behaviour
Leadership as a form of persuasion
Leadership as a power relation
Leadership as an instrument of goal achievement
Leadership as an emerging effect of interaction
Leadership as a differentiated role
Leadership as the initiation of structure
Leadership as a combination of elements

The following is a definition for leadership Bass (1990) offered after completing his extensive research:

Leadership is an interaction between two or more members of a group that often involves structuring or restructuring of the situation at the perceptions and expectations of the members. Leaders are agents of change – persons whose acts affect other people more than other people’s acts affect them. Leadership occurs when one group member modifies the motivation or competencies of others in the group (Bass, 1990, pp. 19–20).

Concurring with the fourth category in Bass’ categorisation of leadership definitions above, Yukl (1998, p. 3) has concluded that the notion of influence underpins most

leadership definitions and that they have a common “assumption that it involves a social influence process whereby the intentional influence is exerted by one person over other people to structure the activities and relationships in a group or organisation”.

## **Origin of leadership theories**

Similar to the ambiguity in defining the term ‘leadership’, ambiguity seems to be present in the field of ‘leadership theory’. Hunt (1996) claims that the empirical and formal study of leadership started in the 1930s. Lindgreen et al. (2009) claim that Bennis was instrumental in establishing leadership as a significant research area in the 1960s (e.g. Bennis, 1961) when he has demonstrated that the democratic-style leaders are more capable of dealing with change and complexity. Since the beginning of the interest in academic exploration of leadership, researchers have been dedicated to developing a comprehensive set of leadership measures (Dulewicz & Higgs, 2005).

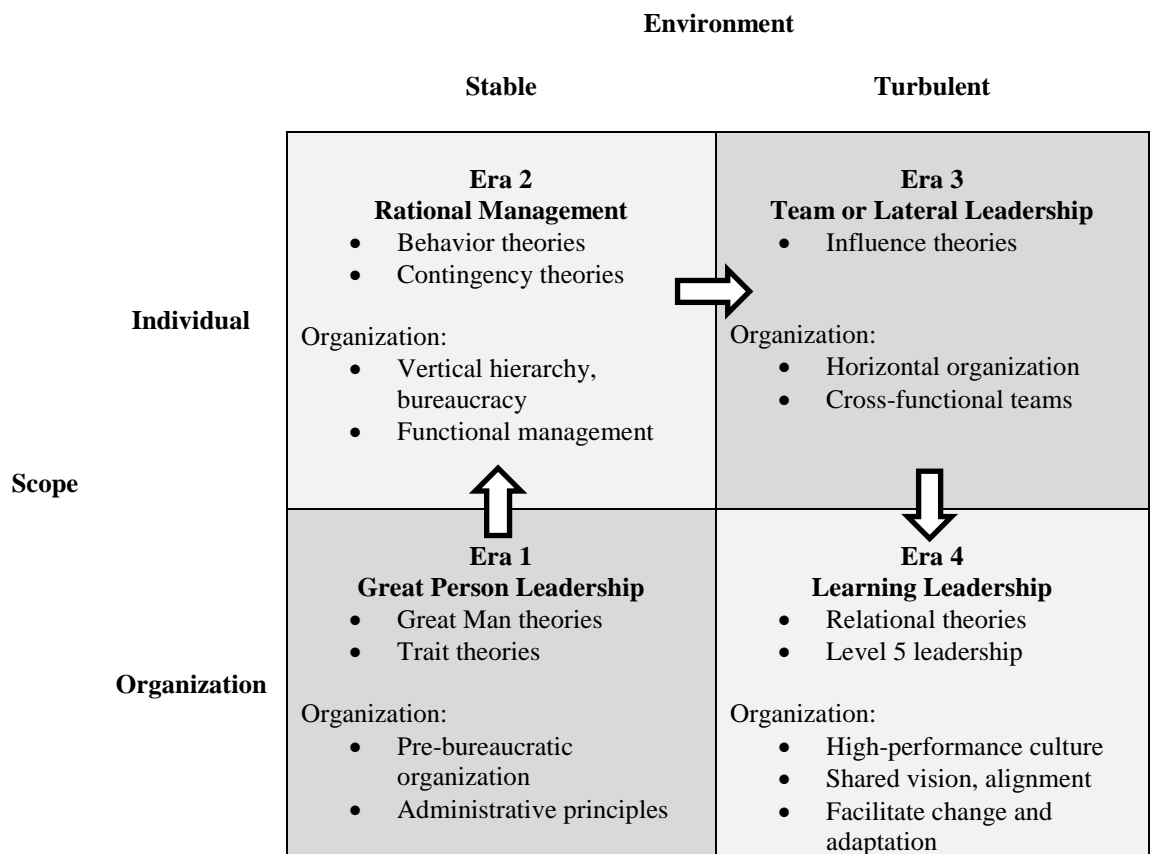
Three main criteria for classifying leadership theories are evident in the literature. Firstly, there are distinctions between leadership theories based on scholarly research (‘scientific’) and the ones produced for popular consumptions (‘common-sense’) (Elkin & Inkson, 2000) as well as views on leadership based on a combination of academic and populist leadership theories (DuBrin, 2001; Huczynski, 1993). Secondly, there are approaches to leadership theories based on the culture and geography surrounding the development of a particular theory. The most widely represented research in leadership is the one reflecting a Western perspective on leadership conceptualisation (Dorfman, 1996). Alternative views on leadership can be found in Eastern and indigenous cultures that offer additional and unique insights. Thirdly and lastly, leadership theories can be

evaluated and grouped based on whether they focus on, and attempt to define, the personality traits (Zaccaro, 2007) or behaviour (Jackson & Parry, 2008) of the individual who these theories identify as a 'leader'.

Daft (2011) provides a model of leadership evolution (see Figure 2) as a framework for examination of the development of leadership studies from the early Great Man theories to contemporary relational theories. Each cell in the model provides a summary for an era of leadership thinking that has been dominant in its time. In Leadership era 1 – also known as the pre-bureaucratic era – the leader was conceptualised as a 'single hero' who was able to understand the big picture, and coordinate and control all organisational activities. This would usually happen in a small and simple work organisation operating in a stable environment, where most workers are family-related or friends and not necessarily hired because of their qualifications or skills. In Leadership era 2 – hierarchy and bureaucracy – the world has remained stable, but organisations have grown to a point that they needed rules and regulations to ensure activities are kept on track. This saw the rise of the 'rational manager' who controls and directs others with an impersonal approach and focuses on details, rather than the big picture. The workers are not expected to think for themselves; they are, however, expected to follow the procedures and to complete tasks. In Leadership era 3 – a period of change and uncertainty (from the early 1970s to the early 1990s) – leadership is often shared between team members, shifting from one person to another depending on who has the most knowledge and experience of the task at hand. This is the era of the 'team leader' and the 'change leader' where influence has an important role in the process of change of organisational cultures and structures. The last Leadership era 4 – the digital

information age – represents the ‘learning leaders’ who have given up control in the traditional sense of the word and are willing to constantly learn, change and experiment in both their personal and professional lives as the environment itself is changing fast. Leaders in this era are focusing on building relationships and networks and they influence others through shared visions and values rather than through control and power (Daft, 2011).

Figure 2: A model of leadership evolution (Daft, 2011, p. 21)



## Major leadership theories

In an attempt to integrate aspects of leadership theories and practices, Bass (1990) proposes a continuum where leadership practices range from autocratic at one end of the continuum and democratic at the other. Additionally, Bass proposes that leadership can range from 'highly involved' to 'laissez-faire' or from 'active' to 'passive', a concept which was later expanded by Stewart and Manz (1995) who combined the autocratic-democratic and active-passive leadership dimensions. While it is a reasonable point to start integrating the leadership field, broad and holistic approaches to leadership, such as the above-mentioned, are still believed to be overlooking much of the complexity of leadership due to their simplified classifications (Avery, 2004). On the other hand, applying an atomistic approach evokes a danger of researchers forgetting that leadership as Clegg and Gray (1996, p. 33) claim, is "embedded in a complex of interactions between leaders, followers, colleagues, organizing mode, environmental factors, and all those other variables we can handily call context".

In her book *Understanding Leadership*, Avery (2004) defines four leadership paradigms that represent broad sets of ideas: Classical (antiquity–1970s), Transactional (1970s–mid-1980s), Visionary (mid-1980s–2000) and Organic leadership (beyond year 2000). The *first* paradigm is based on the leader's power and position that enable him or her not to consider or involve followers in decision-making processes. The followers are compliant out of fear of, respect for, or control by, the leader. The interpersonal influence over the followers combined with the followers' expectations and negotiated rewards are the defining characteristics of the *second* paradigm. The leader influences the followers to achieve targets by possessing the power to correct or reward their

behaviour. In the *third*, the leader inspires the followers so emotion is the basis of leadership and the source is sharing the vision. This paradigm relies on the leader's vision to inspire followers to achieve more, often associated with a 'heroic leader' who first creates and then shares the vision that is in accordance with the followers' needs and motivations. In order for the vision to be realised, the followers have to be involved and committed to it. The *fourth* and last paradigm is based on mutual sense-making within the group and the buy-in to the group's shared values is the source of follower commitment. According to the above, vision is not required in the first two paradigms (Classical and Transactional), while vision originates from the leader in the third one (Visionary) and it emerges from the group in the fourth paradigm (Organic). The last paradigm suggests that leadership is not necessarily vested in a particular individual, but it emerges from the relationships between the organisation's members by means of communication. The group decides if anybody and who should be leading (Avery, 2004). Table 3 depicts the four paradigms explained above according to the various criteria to reflect different aspects of leadership.



Table 3: Avery's leadership paradigms (Avery, 2004, p. 19)

<b>Leadership paradigms</b>				
<b>Leadership characteristic</b>	<b>Classical</b>	<b>Transactional</b>	<b>Visionary</b>	<b>Organic</b>
Major era	Antiquity–1970s	1970s–mid-1980s	Mid-1980s–2000	Beyond 2000
Basis of leadership	Leader dominance through respect and/or power to command and control.	Interpersonal influence over and consideration of followers. Creating appropriate management environments.	Emotion – leader inspires followers.	Mutual sense-making within the group. Leaders may emerge rather than be formally appointed.
Source of follower commitment	Fear or respect of leader. Obtaining rewards or avoiding punishment.	Negotiated rewards, agreements and expectations.	Sharing the vision; leader charisma may be involved; individualized consideration.	Buy in to the group's shared values and processes; self-determination.
Vision	Leader's vision is unnecessary for follower compliance.	Vision is not necessary, and may not ever be articulated.	Vision is central. Followers may contribute to leader's vision.	Vision emerges from the group; vision is a strong cultural element.

The leadership paradigms in this table are distinguishable one from the other, whilst mutually not excluding each other as separate leadership types. They are intended to “provide a guide to ideas underlying leadership in both practice and literature” (Avery, 2004, p. 33). This approach includes wide-ranging materials from the leadership field and recognises that, like Freeman (1984) said, leadership is holistic and multi-faceted. It spans across different organisational spheres and levels and encompasses many variables including factors that are both internal and external to the organisation.

There are major schools of thought that have advanced leadership theories, namely: the trait approach, the behaviour approach, the situational/contingency approach, and the influential approach (charismatic, transformational and coalitional leadership). The trait approach is the result of the earliest efforts to understand leadership success focusing on the personal traits of the leader. DuBrin (2010, p. 33) defines personality trait as a “trait that is observable both within and outside the context of work” and believes that the same general traits are related to satisfaction and success in both personal and work life. DuBrin lists: self-confidence, humility, trustworthiness, authenticity, extraversion, assertiveness, enthusiasm, optimism, warmth, and sense of humour among the general personality traits of effective leaders. However, this approach has failed to identify a set of traits that guarantee leadership. After examining more than 100 studies on the trait approach in the leadership literature review in 1948, Stogdill (1948) found that the importance of a particular trait is often relative to the particular situation. This has changed the focus of the research from identifying the traits of leaders to identifying their behaviours.

The behaviour approach, on the other hand, sought to uncover patterns in the behaviours that effective leaders display. This school of thought is based upon the belief that leaders behave differently from non-leaders. Although this approach is useful for describing leadership behaviour, it does not take into account the complex environment in which the relationships between leaders and followers happen; thus it fails to predict or prescribe leadership behaviour. Griffin (1990) believes that after this realisation an evolution occurred within the leadership research; thus it opened the door to the situational/contingency approach. Ladkin (2008) claims that much of the literature

about effective leadership practice focuses on leadership behaviours and that little is written about the way in which these behaviours are enacted.

The situational/contingency approach recognises the importance of situation influencing the leadership behaviour or style, suggesting that there is no best way to lead and that the effectiveness of leader behaviour is contingent on the conditions in the situation (Yukl, 1998). The basic leadership behaviours that can be adjusted to address different contingencies are task behaviour and relationship behaviour, and leaders can adjust their style to contain either a high or low presence in respect of both of these behaviours.

Three major contributors to this approach are Fiedler (1967) who designed the Fiedler's contingency model to enable leaders to diagnose both their organisational situation and leadership style, and House (1971) who combined the behaviour approach with the expectancy theory of motivation. This latter resulted in the path-goal theory which promotes leaders as responsible for maintaining high productivity and morale while clarifying the path to a goal for the followers so that they receive personal payoffs (DuBrin, 2010). The third contributors are Vroom and Jago (1988) who shared the Vroom-Jago contingency model based on one situational factor – decision-making. This tells the leader the correct amount of participation by a follower to be used when making a specific decision. As can be seen, this approach has shifted the research focus from being solely on leaders' behaviours to considering the wider environment in which leadership occurs.

The last approach to leadership, influential, is an extension of the trait theory that has become an important way of understanding leadership by studying charismatic,

transformational, and coalitional leadership. These three kinds of influential leadership “rely on the leader’s personal characteristics and relationships rather than on a formal position of authority” (Daft, 2011, p. 362).

Charismatic leaders have an emotional impact on people and inspire them to produce results beyond their call of duty. Klein and House (1995, p. 183) believe that charisma – the “fire that ignites followers’ energy, commitment and performance” – resides “in the relationship between a leader who has charismatic qualities and a follower who is open to charisma within a charisma-conductive environment”. Whereas the charismatic leadership is typically trying to instil both submission and awe in followers, transformational leadership seeks to increase followers’ empowerment and engagement. However, “transformational leadership motivates people not to just follow the leader personally, but also to believe in the need for change and to be willing to make sacrifices for the sake of the vision rather than just out of admiration for the leader” (Daft, 2011, p. 364).

The transformational leadership theory is centred on the belief that transformation leaders seek to arouse and satisfy higher needs, go beyond ordinary expectations and engage each follower’s full person. Bass (1985) developed a transformational leadership theory that conceptualises leadership into transactional and transformational leadership behaviour. A transaction or exchange process between the leader and the follower is the basis of transactional leadership. The leader recognises the follower’s needs and wants and then clarifies how these can be achieved in exchange for the follower performing specific duties. The transformational leader focused on intangible qualities, such as

creating and sharing engaging vision and values, building relationships, communicating high performance expectations, showing sensitivity to followers' needs and providing common ground in order to enlist the help of followers in achieving a goal (House & Shamir, 1993). Research shows some support for the transformational leadership model (Lowe, Kroeck, & Sivasubramaniam, 1996), but nevertheless, there are authors who suggest conceptual weaknesses (Yukl, 2002) as well as ambiguity.

Lastly, coalitional leadership is built on a belief that successful results come from a coalition of people who support the leader's goals and help influence others to implement the decisions of the leader and achieve the goals of the leader (Friedman & Sebenius, 2009). Coalitional leaders spend time observing patterns of interaction and learning about the views of others in the organisation. They develop positive relationships both within and outside the organisation and they can adapt their behaviour and approach to diverse people and situations (Friedman & Sebenius, 2009).

Ladkin (2010) claims that each of the leadership theories currently in existence is addressing a particular side of the phenomenon as seen from a particular aspect. Due to difficulties in agreeing upon what is leadership, the literature and research contain numerous gaps that have not been investigated (Avery, 2004). One such gap is leadership in network-form working teams such as network marketing teams where the leaders do not have power from their hierarchical position power (all team members are independent representatives of the company), nor have they access to rewards to direct their followers' behaviour (the company is the only one that can materially compensate its representatives for their work).

Ladkin (2010) also says that the “one thing that is clear about the leadership literature is that there is relatively little that is clear about leadership” (p. 2). Examining the leadership theories discussed above, however, is important for researching network marketing leadership as this exposes what previous research reveals about leadership and it provides a frame of reference for considering the theory and conclusions in this thesis.

## **Summary of chapter Two: Literature review**

Direct selling for the purposes of this thesis is regarded as a non-store and face-to-face selling of products and services to consumers as discussed in the Literature review chapter. The types of companies which enable their sales representatives to do this, but to also earn income through multi-level selling, are called network marketing companies. Since the network marketing industry is enlisting more than 50 million representatives worldwide and producing over \$100 billion USD in sales annually, it seems that its growth is not showing any signs of slowing down. It can also be concluded that very few studies have considered the relationship between marketing practices and leadership styles. The research about leadership styles in different marketing practices that does exist (Lindgreen et al., 2009) does not examine the characteristics of the leadership type used in network marketing companies. The studies where salespeople have been subject to leadership style-related research assessed only the views of the followers and not how leaders view their own leadership style.

This chapter illuminated the most common definitions of leadership and the origin of leadership theories along with the notion of ambiguity instilled in them. It also

discussed the major leadership schools of thought whose paradigms do not aim to offer a perfect leadership solution for all contexts; they do have limitations that may make them inappropriate in a particular situation. Examining them indicated there are key factors to be considered when studying leadership, such as: leadership is a complex and dynamic process – seen by the many and varying leadership definitions and the unsuccessful attempts to identify a precise list of traits and behaviours resulting in leadership; and, leadership is impacted by its contextual variables – supported by the situational/contingency approach to defining leadership. The next chapter – Method, discusses the methodology used and the research design employed to answer this thesis's research question.

## **CHAPTER THREE: METHOD**

This chapter describes the research design and process. It also discusses the ethical considerations for this research, how they were managed and what role the researcher played throughout this project. Furthermore, the Method chapter includes information on the research participants and the type of questions they were asked. Near the end, it provides a rationale for the chosen method of data analysis – thematic analysis.

### **Research design and process**

Having in mind the objectives of the research explained in chapter One and the literature reviewed in chapter Two, I was looking for a research method or a combination of different methods by which the perceptions of network marketing leaders could be examined against popular leadership theories. The two main research methods I used in this study are a literature review of leadership theories focusing on leadership definitions and types, and interviews conducted with nine independent representatives who have achieved leadership positions in at least one network marketing company. This number of participants ensured that a variety of opinions and experiences were gathered for the purposes of deriving rich descriptions from the participants. In order to participate in the study, the company representative had to either have had or was holding a leadership position according to their company's compensation and hierarchical structure at the time of the interview (explained in more detail later in this chapter).



Five of the nine interviews were conducted face-to-face and the rest were conducted over the phone as the participants' geographical location or schedule did not allow us to meet in person. The participants were given the opportunity to ask any questions in relation to the research and handling of the data gathered before the interview commenced. All interviews lasted between 40 and 60 minutes and were audio recorded. All interviews were conducted in a quiet area to ensure a high quality of the voice recordings. The main steps of the entire process of the research are described in Table 4.

Table 4: Chronological outline of the flow and format of the research

<b>Order:</b>	<b>Action undertaken:</b>
1	I researched the main leadership and network marketing literature
2	Massey University Human Ethics Committee acknowledged my research (Appendix 1)
3	I conducted pilot interviews with network marketing leaders at a business conference of one of the companies represented in this research
4	I formulated an Interview schedule based on the outcome from the pilot interviews (Appendix 4)
5	I approached the holders of current or past leadership positions at five different companies regarding participating in the research
6	The leaders who agreed and were able to participate received the Information sheet (Appendix 2) to read and a Consent form (Appendix 3) to sign
7	I collected the completed Consent forms before each interview started
8	I interviewed the participants
9	A professional transcriber transcribed the recordings of the interviews
10	I identified the main codes using thematic analysis
11	I arranged the identified codes into themes
12	I analysed the themes
13	I wrote the results in this thesis

## **Ethical considerations**

The topic of ethics was discussed with my supervisor. After a Screening Questionnaire to determine the approval procedure was completed, it was decided that there was no risk to very minimal risk identified for any physical or psychological harm to befall the

participants caused by my research or myself. This was due to my research only involving fully consenting adult participants who would be discussing their leadership experiences working in their past or current network marketing companies. Therefore, a Low Risk Notification was submitted to the Human Ethics Committee (HEC) office at Massey University in Palmerston North and my research was granted an acknowledgement (see Appendix 1). An ethical issue that could have arisen from this research might have included an adverse power relationship over the participant or coercion into the study. To eliminate these possible issues, each participant was given an Information sheet (see Appendix 2) explaining the purpose of the research in accordance with the *University Code of Ethical Conduct for Research, Teaching and Evaluations Involving Human Participants* and was required to complete a Consent form (see Appendix 3) prior to the interview. All participants were assured that they would be unidentified as pseudonyms will be used instead of their names and all identifiable information from their interview would be excluded from the thesis. They were also offered an option to be fully excluded from the research at a later stage if they decide on that. In addition, they were offered – if they wished – a copy of the research report once the study is finished.

Respect for the participants was of a high priority for me. My aim was for them to feel comfortable with the entire research process and to raise any concerns with me.

Therefore, before each interview, I discussed any issues raised by the Informational sheet and Consent form, as well as clarified mutual expectations and responsibilities.

The interviews were conducted on a one-to-one basis, with only the participant and the researcher present in the room or on the telephone line during the entire length of the

interview. In both cases, I sought their permission to audiotape the interview – as part of the Consent form they had to sign to partake in this research – and have informed them that the audio tape recorder can be turned off at any time during the interview. I have also informed them that the recordings and the transcribed interviews will be only available to my academic supervisor, the professional transcriber, and myself. When not in use, the recordings and the transcriptions of the interviews were kept on a computer which was virus- and password-protected and stored in an alarm-protected house. Any paper copies of the actual interviews and notes made during the interviews will be securely destroyed once this project is completed.

### **My role as a researcher**

For transparency reasons, I have decided to use the first person when referring to myself throughout this thesis. As Amis and Silk (2008) have reported, in the research field there is always a potential for some factors to be overstated or important factors to be understated due to the perspective of the researcher. I wanted to be transparent with the participants and prevent my familiarity with the researched industry from influencing the course of the interviews. One of the ways to minimise this risk was to also include this fact in my Information Sheet (see Appendix 2) given to all of the participants in my study and to fully disclose my background and the reason for my interest in conducting this research.

Due to being an active representative of one of the network marketing companies – whose leaders participated in this research – during the two years prior to my academic research, I considered ways of minimising the risk of over-familiarity affecting the

outcomes of my study. I did this by discussing my findings and potential conclusions with my supervisors as well as my university colleagues and friends – professionals, but in areas outside the direct selling and network marketing industry. No personal details about the participants and their companies were identified in these conversations, but overviews of the findings were presented and then the cause and effect relationships I found within the collected data were tested to determine whether this industry's outsiders would also identify the same causal relationships between the data.

Since I was examining situations familiar to me, I was conducting my research as an insider researcher – I did not have to become acquainted with the companies and industry I was researching prior to starting my research. This is one of the benefits of conducting insider research alongside others such as: the ease of access to interviewees and the arrangement of interview times with them that suited both of our daily timetables which were similar due to us working in the same industry. There are also disadvantages to being an insider researcher as insiders tend to pay only limited attention to unusual things because of familiarity (Bathurst, 2001). Czarniawska (1998, p. 24) warns that “desensitization or bias must be weighed against the clumsy ignorance of the outsider, which can be removed only by complete acculturation – if such is possible”.

When I started this project I was an active representative of a network marketing company, but my personal and professional circumstances changed at the midpoint of the project and I was no longer working in the industry when I completed this thesis. As a result, I was well positioned to not only capture the benefits of being an insider during

the interview stage, but also to benefit from being distant from the industry during the data analysis stage; this has enabled me to uncover broader conclusions due to being detached from the research setting. This proved to be an advantage when I was conducting the interviews as the subjects knew I was aware of the environment in which they operate and the issues they discussed – resulting in a relaxed conversation flow. On the other hand, when I was analysing the collected data from the interviews as an outsider to the industry, I was able to adopt a more critical analysis while interpreting each participant’s perceptions as I no longer had any personal or business relationship with them.

Due to my research being a qualitative study, there is also a chance for greater subjectivity than in quantitative research (Maylor & Blackmon, 2005). Having this in mind, I have tried to include explanations of my reasoning behind each of my decisions in writing this thesis.

## **Interview participants**

I interviewed nine representatives of network marketing companies offering products or a combination of products and services for personal use throughout New Zealand and overseas. The research participants were identified by finding out their current position in the company (if they were active network marketers), or what position they had held (if they were retired network marketers), as well as finding out the size of their team. The ranks the potential participants attained had to place them in the upper half of their company’s compensation structure either at the moment of the interview being

conducted or when they were active in a network marketing company (provided that they were retired from this industry when being interviewed).

I used a combination of convenience sampling and a snowball sampling as defined by Bryman (2008). I interviewed the first three participants as they were simply available to me by virtue of their accessibility. Having worked in the network marketing industry myself, I have met leaders in the same industry during the two years of my involvement in it – this resulted in a convenience sampling. After making the initial contact with this small group of people relevant to my research topic, I used their awareness of my research and asked them to refer me to other leaders in the same industry. That is how I established contacts with other leaders in network marketing who I did not know personally prior to the start of my research.

This way of recruiting participants for my study enabled the views of leaders in four other network marketing companies to be represented in my study in addition to those who had been working in my former company. I have also ensured that the interviewees represented different age groups, different educational and professional backgrounds, as well as representing both genders (see Table 5). Among the leaders I personally knew, I chose to invite participants to my research who were in differing age groups, came from different cultural backgrounds, and represented both genders. Before inviting the leaders I did not personally know to partake in my research, I conducted a basic research of their backgrounds by seeking basic details from the person who referred them to me. These details included age, length of time of industry involvement, where they had been working, and what they had been doing prior to starting a career in

network marketing. The result – the list of participants including their basic personal information relevant to this research – is presented in Table 5. In order to ensure full anonymity, the participants were given a pseudonym. Additionally, all details regarding their position, their current and any of their past companies, or any other reference to their identity, have been omitted.

Table 5: List of research participants

<b>Participant's pseudonym</b>	<b>Gender</b>	<b>Age group</b>	<b>Years in network marketing</b>	<b>Network marketing companies worked at including current/last</b>
Johnny	Male	20–29	3	1
Arnold	Male	20–29	4.5	1
Claire	Female	50–59	23	4
Alex	Male	30–39	14	1
Tom	Male	30–39	7	1
Mark	Male	30–39	1.5	1
Jenny	Female	40–49	20	5
Samuel	Male	60–69	40	2
Suzanne	Female	30–39	10	3

## **Interview questions**

Prior to interviewing the actual participants of this study, I experimented with the potential range of research topics and interview questions by conducting pilot interviews with network marketing leaders during an international business conference of their company held at the Gold Coast (Australia) Convention Centre in March 2011. Attending this conference and speaking to leaders there allowed me, not only to build rapport with these leaders and, consequently, attain their agreement to participate in my research, but to also decide on the final focus for this thesis. This was done by gathering

a variety of issues and topics related to the work of the network marketers attending this conference. The pilot interviews confirmed that there were both similarities and differences in these leaders' opinions on what is the best way to lead a team in their industry. These conversations also revealed that the leaders did not have a definitive list of all the characteristics of successful leadership in their industry and on occasions their views were conflicting. But what these leaders had in common was the desire to learn more about how to improve their leadership skills by learning what their colleagues do, feel and think; all were very interested in receiving a copy of my finished thesis.

After the pilot interviews I realised that the area with the most differing views was the role leaders in network marketing play in the retention of their sales force. This pilot exercise enabled me to ensure my Interview schedule (see Appendix 4) contained detailed and practical questions about strategies and philosophies of leaders when they try to recruit and retain their sales force. This became my provisional research question – as reflected in Appendices 1, 2 and 3. The questions given to each interviewee were grouped in three categories: 'Introductory questions', 'Discussion questions' and 'Situational questions'. The first category contained questions that are related to the participant's demographical information, the tenure and position in their network company, as well as the reasons for starting to work there and the motivations to start and continue leading teams of salespeople. The second category had the most questions, aimed to discuss topics ranging from definitions of 'leader' in general and 'leader in network marketing', to responsibilities, expectations and rewards of leaders – network marketers. The last category of questions asked the participants about their attitudes and behaviours in a variety of situations. As a part of the preparation for this research, I have



read a number of journals and books on leadership among which was Ladkin (2010) and her idea of leadership ‘moment’ as discussed in the Literature Review chapter. I was loosely guided by her definition of the four components of leadership – ‘purpose’, ‘leader’, ‘context’ and ‘follower’ when I was finalising the Interview schedule. The Introductory questions focused on finding out the ‘purpose’ the participant is working towards; the Discussion questions were designed to uncover a range of explicit and implicit characteristics of the ‘leader’, and the Situational questions tried to cover a variety of situations the participants face on a regular basis in order to depict the ‘context’ of leadership in network marketing.

I ensured that I announced this schedule of questions at the beginning of each interview as I hoped that this would lower the participants’ anxiety and their apprehension of the unknown. Their voice tone and body language (where it was possible to witness their movements) seemed more relaxed after I finished explaining the protocol of the interview. I used this schedule as a starting point for conversation with the participants and often some topics in the second half of the schedule were covered at the beginning of the interview, eliminating the need to systematically go through all the questions. The great majority of the questions in each of the three categories were open-ended questions. As opposed to using close-ended questions that require ‘yes’ or ‘no’ answers, I used questions that required broad responses. Using open-ended interviews provided me with the freedom to be responsive and adaptive in regards to the direction each interview took as often open-ended questions elicit additional information from the inquirer. Since (in order to obtain rich details) the interviews were semi-structured – akin to a conversation that develops during the interview – sometimes the interviews

traversed unexpected paths and themes emerged that I had not anticipated (Klenke, 2008). An example is the large number of metaphors the participants used throughout the entire duration of the interviews, in response to which I had to ask probing questions to ensure that their meaning was crystal-clear.

Besides recording, during each interview I also wrote notes. These notes helped me to better focus on what had been said in the interview while writing short prompts on any issues I wanted to discuss further without interrupting the interviewee's line of thought. It proved difficult to allow the interviewees to exhaust a topic and still answer all remaining questions within the time they had for the interview among other commitments on their daily schedule. Nevertheless, towards the end of the interview, all were offered an opportunity to add whatever they considered was important to be mentioned in the topic of leadership in network marketing companies but was not discussed in any other part of the interview. This provided me with a source of ideas on how to improve my next interview while still maintaining the same core set of questions given to each participant. I originally planned to conduct between 10 and 15 interviews, but after interviewing the first seven participants, I had noticed similar views and similar experiential knowledge among all in relation to leading their team, the challenges they encountered, and the solutions that they implemented to overcome them; this triggered a theoretical saturation as defined by Glaser and Strauss (1967).

Each interview was recorded, transcribed by a professional transcriber, and then made available to each participant. However, although all showed interest in obtaining a copy

of the final report, none considered that there was a need for them to receive a copy of their interview's recording nor a transcript of it.

## **Data analysis strategies**

Prior to the beginning of the interview stage I was looking for appropriate ways of interpreting participants' experiences of their leadership journey in their network marketing company. The data needed to be analysed in order to identify the common themes emerging from the interviews and I decided to use thematic analysis as a method for identifying, analysing and reporting patterns or themes within data which also organises and describes sets of data in rich detail. Boyatzis (1998) believes that thematic analysis often goes beyond this and interprets various aspects of the research data. I decided to use this method after reviewing other qualitative data analytic tools such as grounded theory (Glaser & Strauss, 1967), narrative analysis, and analytical induction (Bryman, 2008).

During the preparation stage of this project, I read a number of books and journals on leadership as well as network marketing (Adler, 2011; Barker, Johnson, & Lavalette, 2001; Brodie et al., 2002; Daft, 2011; Ladkin, 2008, 2010; Lindgreen et al., 2009) which has helped to further develop my understanding of the subject. But while this has also helped me understand what is currently known about the subject, I was researching the subject inductively – allowing the themes and sub-themes to emerge from the interview narratives (Klenke, 2008). According to Braun and Clarke (2006), one of the types of thematic analysis is 'inductive' thematic analysis where the specific research question can evolve throughout the coding process; as opposed to 'theoretical' during

which the researcher codes for quite specific research questions. By taking the ‘indicative’ approach, I integrated what I read about the subject with what I observed, resulting in reflection on any similarities and differences among the findings rather than trying to fit my observations within the existing literature. After looking at the gathered data I have returned to the literature with alternative perspectives in a process where “perception and sense-making are intertwined” (Hatch & Yanow, 2008, p. 30). This relatively organic process has helped me to further refine my research question to what it is presently – how is leadership in network marketing perceived by the leaders in this industry?

It was only once I started reading the transcripts that it became evident that the chosen method proved useful due to some of the reasons described by Braun and Clarke (2006). They claim that thematic analysis has flexibility in relation to how it is used. One of its most significant benefits is the ability to provide rich and detailed, yet complex, accounts of data. As a method, thematic analysis can be applied across a range of epistemological and theoretical frameworks and is compatible with the constructionist epistemologies underpinning my methodology. Another reason for the use of thematic analysis is that this method is relatively simple and quick to learn and conduct; therefore, it becomes accessible to researchers with limited research experience such as myself. Lastly, the results produced by the use of thematic analysis are accessible to an educated general public – this is especially significant in the research of any topic in the area of network marketing as people in this industry tend to seek any information that will improve their skills, and is one of the findings in my research as discussed in the next chapter.

Despite Ryan and Bernard (2000) claiming that thematic analysis is only one of the processes within a main analytical tradition such as the grounded theory, Braun and Clarke (2006, p. 80) argue that "thematic analysis should be considered a method in its own right". They claim that thematic analysis differs from other analytical methods seeking to describe patterns across qualitative data while being theoretically bounded, such as the grounded theory which requires analysis to be directed towards theory development (Holloway & Todres, 2003). Since developing a model of leadership in network marketing or conducting any other leadership theory development is not among the goals of this research, this eliminated the need to analyse the collected data further in ways such as applying grounded theory-related methods.

When it comes to the techniques implemented with the chosen research method, it can be said that "much as artists look at the world around them and render things on canvas using a range of techniques, so researchers use methods reflecting ontological and epistemological presuppositions about their research worlds" (Hatch & Yanow, 2008, p. 23). The techniques I used to extract the main codes from the data are: note-taking while listening to the recorded interviews, highlighting data of interest on the printed transcripts of all the interviews, mind-mapping, colour-coding, tableting, diagraming, bullet-numbering, listing, prioritising, grouping, contrasting, and using questioning words such as 'how', 'why', 'what' and 'where' to identify answers as codes. As in any constructionist methodology, I was sense-making by listening (to the recordings and my voice when reading my notes out loud), seeing (the handwritten notes and printed transcripts of the interviews) and touching (the papers with notes, tables and lists to arrange and re-arrange them in order). I reflected on the codes identified with these

techniques, as well as interpreting them in the context they appeared in the interviews. According to Hatch & Yanow (2008), focusing on context-specific meanings and the processes through which they are created is in alignment with empirical research informed by constructivist methodological presuppositions in any field.

The method of thematic analysis has its theoretical basis in social constructionism and as such it is compatible with my epistemology of a social constructionist. Social constructionists view knowledge and truth as created in social interactions (Schwandt, 2003). This is contrary to earlier opinions that concepts and categories within data are inherent and are there waiting for the researcher to discover them (realist approach). Andrews (2012) notes that the terms ‘social constructivism’ and ‘social constructionism’ tend to be used interchangeably and that there are authors (Charmaz, 2000, 2006) who use the generic term ‘constructivism’ to address both. According to Young and Collin (2004) constructivism proposes that each individual mentally constructs the world of experience through cognitive processes. On the other hand, social constructionism is not interested in the cognitive processes that accompany knowledge, as it has a social rather than an individual focus. Interweaving narratives construct reality within a social context where “both the content and form of human experience is constructed in ongoing social interaction, in such a way that no perspective can be said to have overriding validity over another perspective” (Baillie & Corrie, 1996, p. 299). The focus of this study is on the perspectives and stories of individual leaders and how each of them experiences leadership in network marketing and as such it might suggest that my epistemology leans towards constructivism.

However, my intention is to build a base of shared knowledge, gathered from all the interviewees by comparing the common and contrasting elements within their stories.

Ladkin (2010, p. 27) believes that “in order to understand leadership as a lived experience, it is important to study it within the particular worlds in which it operates”. Leadership is a phenomenon that arises from constructed social realities, and as such the meanings it has for those engaging with it (either as scholars, leaders or followers) impacts significantly on how it is experienced or viewed. I am joining the number of leadership theorists (Grint, 2005; Meindl, 1995; Sjostrand, Sandberg, & Tyrstrup, 2001) who consider leadership as a socially constructed phenomenon and social constructionists who believe that language does not mirror reality but constitutes it (Deetz, 1992; Jian, Schmisser, & Fairhurst, 2008). Seen in this light, communication becomes more than a simple transmission of messages; it is a medium by which the construction of meaning and negotiation takes place (Fairhurst & Grant, 2010). An example of this are the codes – linguistic devices such as metaphors that did not fit in any of these themes or fitted in more than one, but had in common the fact that they were metaphors the leaders used when answering questions throughout all of the three categories in the Interview schedule. According to Charmaz (2000, p. 521) “people create and maintain meaningful worlds through dialectic processes of conferring meaning on their realities and acting within them”. Metaphors are one of the ways of deliberating meanings and therefore, this thesis also intends to explore what the metaphors that leaders in network marketing companies use reveal about their relationship with their followers, as well as how they view themselves through analysing the metaphors they use when they speak of themselves.

Burr (1995) identifies the interconnectivity of knowledge and social action as one of the basic assumptions of the social constructionist position. He claims that within a culture or a social group, such as a group of representatives – leaders of a particular network marketing company – reality is not created by individual acts but by an organised and complex pattern of ongoing actions. The responses to my research question involved the discovery of experiential knowledge as a sum of the ongoing actions of the members of this group related to leading their team of salespeople, the challenges they have encountered and the solutions that they have implemented to overcome them. My intention is to portray an image of a leader within the network marketing context by comparing common and distinct elements within each interview as seen by the leaders themselves.

## **Summary of chapter Three: Method**

In this chapter I have described my methodology – a qualitative research within the social constructionist theoretical framework by conducting interviews and using thematic analysis for the data examination. I have outlined the research design and process as well as the major ethical considerations including my role as a researcher. Following this, I have also showed the variety of research-relevant characteristics the participants in my research possess, and offered an explanation as to why I have selected those particular interviewees and used the Interview schedule. I concluded the chapter with the strategies I employed to analyse the data collected. The next chapter will discuss the findings that emerged from my research.



## CHAPTER FOUR: FINDINGS AND DISCUSSION

The main objective of this study is to establish a portrait of an effective leader in the network marketing industry as perceived by recognised leaders in the same industry. In this chapter I will present and discuss the results from my study grouped in four main categories – three main ‘themes’ as well as the ‘metaphors’ of leadership in network marketing. After each category I will interpret the findings and I will draw parallels with the literature presented in the Literature review chapter. Before examining each of the specific leadership dimensions identified with my thematic analysis I will present a broad overview of this study’s findings.

### Overview of the findings

After I completed the thematic analysis following the steps described in the Method chapter, I identified the main codes and I grouped them into four categories on the bases of similarities and differences among them. For example, the codes ‘passion’ and ‘questioning’ are both describing an item from the palette of characteristics and activities of leaders in network marketing. This resulted in theme 1 titled: ‘*Nature of leadership in network marketing*’. Furthermore, I noticed that although these two codes share this similarity, they also differ in a way that ‘passion’ is something that the leader has and develops independently and regardless of others, whereas, ‘questioning’ must be done in cooperation with their team members and that impacts the team directly to, for example, start or continue producing positive sales results. As a result, sub-theme 1: ‘Personal attributes’ and sub-theme 2: ‘Interpersonal attributes’ were identified.

I also noticed that the codes within each of these sub-themes can be further grouped based on whether they are referring to an ‘attitude’ a leader possesses or an ‘activity’ a leader performs. For example, I marked the code: ‘self-confidence’ as an attitude that leaders possess and display. The leaders also undertake activities in order to purposely work on their ‘self-development’ by, for example, reading and listening to personal growth materials.

The second group of similar codes found in all of the nine interviews I conducted related to the reasons why the interviewed network marketing leaders started and keep working in this business. This led to the formation of theme 2: ‘*Purpose of leadership in network marketing*’. When they were talking about their purpose as leaders in their industry, together with other leaders they know, the interviewees made a clear distinction between material or ‘egotistic’ reasons such as money and others explained in sub-theme 1, and non-material or ‘altruistic’ reasons such as helping people and others contained in sub-theme 2.

The next set of codes formed theme 3, called ‘*Context of leadership in network marketing*’. This theme covers the descriptions of what leaders do when they or some of their team members are faced with various situations such as adversity (sub-theme 1) and success (sub-theme 2). Examples for codes in each of these themes are ‘build relationships’ and ‘recognition’ respectively. In order to display an overview of these findings, I have developed the diagram ‘Leadership in network marketing’ presented as Figure 6 below. Nevertheless, the three main themes I identified are not entirely isolated from each other and, as the rest of the chapter will discuss; there is some overlapping.

The richness of the collected data has also prompted me to look at the type of language and figures of speech that the interviewees used. I noticed that the predominant figure of speech used in the interviews was the metaphor. It was used mainly in two situations – when the interviewees discussed personal matters about their own leadership journey and how they see other leaders, and when they were referring to their teammates and recruit prospects. The results and discussions about the findings related to the metaphors are presented in the last section of this chapter, titled ‘*Metaphors of leadership in network marketing*’ – the last identified group of codes.

Having given above an overview of the organisation of the data and how these categories relate to each other, it is relevant to also show the process I used to achieve this. I have developed the following three maps displaying the three steps I took to organise and categorise the data from the interviews I conducted. The first map (Figure 3) is titled ‘Initial thematic map’. It provides the richest representation of the data devised in three categories: ‘Self-talk’, ‘Leadership talk’, and ‘Talk about leading others’. This was the first time that I noticed patterns in the extracted codes based on who or what these codes were describing.

Figure 3: Initial thematic map

<b>INITIAL THEMATIC MAP</b>
<p><i>Self-talk</i> – Perspectives on themselves as leaders (common ways the interviewees described themselves):</p> <ul style="list-style-type: none"> <li>- independent</li> <li>- self-motivated and possess a self-belief</li> <li>- ambitious</li> <li>- able to persevere</li> <li>- likes helping people</li> <li>- has high level of integrity</li> <li>- likes being recognised and respected for their accomplishments</li> <li>- actively seeking self-development and mentoring</li> <li>- passionate and excited</li> </ul>
<p><i>Leadership talk</i> – Leaders’ perspectives and definitions of leadership:</p> <ul style="list-style-type: none"> <li>- has to lead by example (has to be the person people would like to follow and to be their own leader)</li> <li>- has a strong reason for achieving results (‘reason why’)</li> <li>- goals and solutions oriented</li> <li>- someone can be a leader without being in a leadership position in the company</li> <li>- there is a significant difference between leading and managing a team</li> <li>- builds vision</li> <li>- puts other people first</li> <li>- takes responsibility</li> <li>- controls emotions</li> </ul>
<p><i>Talk about leading others</i> – Leaders’ perspectives on their ways of leading their team:</p> <ul style="list-style-type: none"> <li>- do not prejudge and do not expect anything from people joining their teams</li> <li>- no personal attachment to people but build relationships</li> <li>- recognise leadership potential in their teammates</li> <li>- prefer one-on-one and face-to-face conversations with their teammates to help them identify and maintain their goals and the reasons behind wanting to achieve them</li> <li>- choose ‘influencing’ over ‘controlling’ their teammates</li> <li>- change teammates’ mind-set from ‘job’ to ‘entrepreneurship’</li> <li>- never ask their teammates to do something they are not doing themselves</li> <li>- always try to be a leader and not a manager</li> <li>- try to duplicate themselves and attract people like themselves</li> <li>- use ‘fear of loss and vision cycle’ (paint the big picture) – see p.74 for a definition</li> <li>- empower people (find their strengths and create positive environment)</li> <li>- ask for their ‘reason why’ and remind them of it during a one-on-one meeting</li> <li>- train them and then watch them, set goals and expectations with and for them</li> <li>- recognise teammates for their achievements</li> <li>- do not use ultimatums</li> </ul>

The second map (Figure 4) is the ‘Developed thematic map’. It distils the ‘Initial thematic map’ through a filter of the question words: ‘how’, ‘why’, ‘what’ and ‘where’ in regards to the leadership experience the interviewees shared. This map has four categories which I called ‘themes’ according to the research method used to create them. This is the first time I explored the idea of breaking down a theme into smaller fragments called ‘sub-themes’ and these into even smaller parts which at that time I named ‘patterns’.

Figure 4: Developed thematic map

<b>DEVELOPED THEMATIC MAP</b>
<p>Theme 1: The nature of leadership in network marketing (<i>How</i> are leaders leading? How do leaders behave?)</p> <ul style="list-style-type: none"> <li>Sub-theme 1: Leadership in network marketing as an activity <ul style="list-style-type: none"> <li>Pattern 1: Cosmological tasks: vision</li> <li>Pattern 2: Technical tasks: skills</li> <li>Pattern 3: Organising tasks: duplication</li> </ul> </li> <li>Sub-theme 2: Leadership in network marketing as a relationship <ul style="list-style-type: none"> <li>Pattern 1: Speaker / ethos</li> <li>Pattern 2: Topic / logos</li> <li>Pattern 3: Listener / pathos</li> </ul> </li> </ul>
Theme 2: The purpose of leadership in network marketing ( <i>Why</i> are leaders leading?)
<p>Theme 3: The resources of leadership in network marketing (<i>What</i> do leaders use to help them behave like a leader?)</p> <ul style="list-style-type: none"> <li>Sub-theme 1: Personal resources</li> <li>Sub-theme 2: Structural resources</li> </ul>
<p>Theme 4: The context of leadership in network marketing</p> <p><i>Where</i> is the leading conducted? How do leaders respond to the environment?</p>

Since theme 1 and theme 3 in the ‘Developed thematic map’ were sharing some of the same codes and the map seemed unbalanced with the rest of the themes (2 and 4) containing only a small number of the remaining codes identified in the interviews, I considered the possibility of producing another map. This resulted in the ‘Final thematic

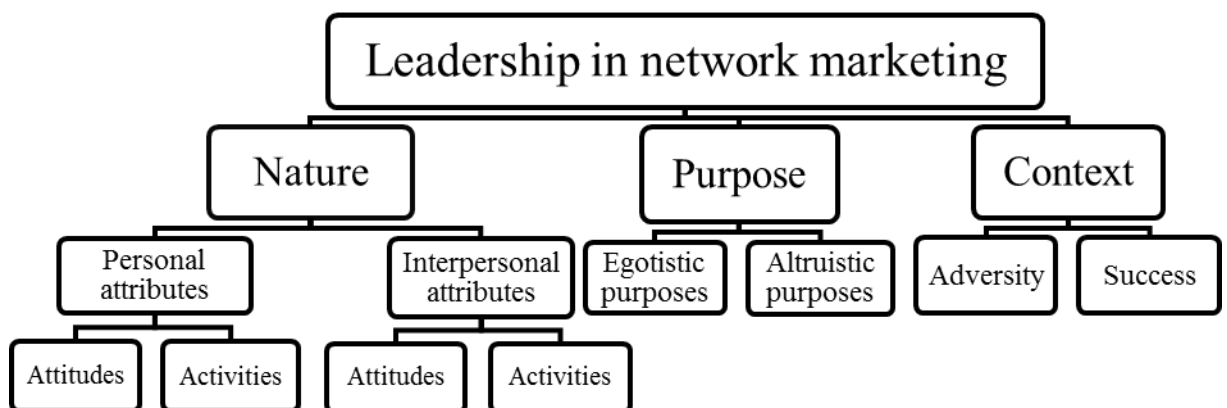
map' shown in Figure 5. It defines the final number and types of categories – themes (nature, purpose, and context), sub-themes (two for each theme) and a further division of the sub-themes of “Nature of leadership in network marketing” (the first theme) based on whether the leadership attribute is an attitude or an activity.

Figure 5: Final thematic map

FINAL THEMATIC MAP		
Theme 1: <i>Nature</i>	Theme 2: <i>Purpose</i>	Theme 3: <i>Context</i>
Sub-theme 1: Personal attributes Personal attributes - attitudes Personal attributes - activities Sub-theme 2: Interpersonal attributes Interpersonal attributes - attitudes Interpersonal attributes - activities	Sub-theme 1: Egotistic purposes Sub-theme 2: Altruistic purposes	Sub-theme 1: Adversity Sub-theme 2: Success

Figure 6 presents the findings of the ‘Final thematic map’ in a more stylised form – as a diagram that visually presents the correlations between the different categories of the codes resulting from my research.

Figure 6: Leadership in network marketing diagram



After I completed the last thematic map by reaching the minimum number of categories I could use to contain similar findings together, I realised that although their presentation was tidy, it was also too simplistic to reflect the complex nature of a leader in the network marketing industry. It was a formal and rigid structure of overarching ideas produced by the interviews, but it was not portraying the spirit and the underlining assumptions in many of the findings from the interviews. The interviewees used rich descriptions in their narratives including personal stories, folk stories, legends, metaphors, comparisons and jokes containing elements relating to more than one of my themes and even relating to variables not fitting in any of the main themes. Therefore, I had to re-examine my final themes in the light of considering the language devices that the interviewed leaders used while not trying to place them all under one particular label for the sake of categorising.

The rest of this chapter will contain descriptions of the main language device used by network marketers – the metaphor, as well as detailed discussion of each of the categories in the final thematic map (Figures 5 and 6). The first theme elaborated below is the nature of leadership in network marketing.

## **Theme 1: Nature of leadership in network marketing**

In the interview stage of this research, the participants were simultaneously describing attitudes and activities they conduct by themselves or with their team members, which were not practised at all or not practised as much by non-leaders in the same company. Examples of both mental and physical activities used by leaders in network marketing were given in each of the interviews conducted for this research. During the thematic analysis of the data, the various levels of generality and concreteness, as well as independency and co-dependency of the attributes the leaders prescribed for themselves and their colleagues became apparent and two sub-themes were identified within this theme. These are 'Personal attributes' and 'Interpersonal attributes' of leaders in network marketing.

### **Sub-theme 1: Personal attributes**

During my experience of working in the network marketing industry I noticed that, at the beginning of their career, the new representatives were asking themselves and others working in the same industry about the kind of person they should become in order to have success in their company. Similarly, the answers to questions of how leaders in network marketing think and what they do were among the fundamental issues generated in the research data.

#### **Personal attributes – attitudes**

Self-confident, self-motivated, independent, passionate, coachable, goal-oriented and persistent were some of the many adjectives that leaders used to describe themselves as



well as other leaders in their or other teams. The interviewed leaders believe that these characteristics can be learnt despite this sometimes requiring a lot of time and training. An example of how one of the leaders, Suzanne (pseudonym), learnt to be self-confident when speaking in front of a large group of people is explained in detail later in this chapter. In summary, she said that it took her two years to return to the stage to speak in front of a large group of people after she has failed to conduct her first presentation in the expected way. This was due to her undertaking many courses for presenting and leadership in the interim, which resulted in her now speaking confidently in front of thousands of people. Another interviewee, Samuel (pseudonym) said the following about having self-confidence and self-belief as a leader of a network marketing team.

SAMUEL: They [the leaders] look like they know what they are talking about. So if you want people to feel secure and to believe that it is going to be okay, you have got to have an unwavering view as a leader. If you have any doubts, you can't express those doubts to the people you lead, which is another reason why it is good to have a mentor group outside of the industry. If you have got doubts, you can discuss those in an environment which doesn't infect or affect your team... So, to be a leader you have got to lead by example to start with, you have got to show people how it's got to be done, you have got to display your belief, your belief has to be congruent with your actions and your activity, and that is the prime skill.

Samuel was the interviewee with most years spent in the network marketing industry (approximately 40 years) and throughout his interview he referred to attitudes leaders are required to possess, which – he said – are as important as the activities they have to perform while working in his industry. Another significant attitude for a leader to have is an orientation towards the future referred to in all of the interviews as 'a vision'. First and foremost, leaders use vision as a motivating tool for their own success within their

company besides also using vision for their team and company when they interact with their teammates. The instance in which the first account of vision arose in most of the interviews was in response to the question: what keeps you motivated in network marketing? For example, both Claire (pseudonym) and Johnny (pseudonym) said that among the other characteristics, having the vision of where they are going with their company was what helped them overcome challenges in their own careers.

CLAIRE: I think it's something that builds. Some people may come in and decide straight away this is what they want and they will just go to hell and back for it, and I really admire that type of person but it is not me. [...]. For me it was a slow progress of development, of realising my potential and learning every step of the way before I go, "I can see the next step, or [...] Okay, well that's what it takes to get to that step so I know now what to do to get to that step." So, characteristics is more I suppose, perseverance, determination to achieve, but it might not necessarily all be... you know some people are hares and some people are turtles – the hare and the tortoise, so long as you have that perseverance and determination and a vision and a goal.

JOHNNY: How I got there I would not say by luck or chance, by my hard work, by my efforts, a lot of sacrifices along the way; and do not worry about what is going to happen, just follow your heart. There were a lot of things that would push you down at times but at the end of the day it is all about the end result. So having the vision, knowing what you are capable of and believing yourself is the biggest thing that kept me going.

Another account of the word 'vision' was repeatedly occurring in all of the interviews when the participants were asked to define what the word 'leader' meant to them. In this case 'vision' was mentioned in terms of a leader in network marketing creating a vision for the team and communicating that vision to them. Two of the examples demonstrating this are as follows:

MARK (pseudonym): Leader means from the root word 'lead', you are able to lead, you are able to set the direction, you are able to share the vision with your people and be able to [...] make them believe that

the vision is something realistic and doable. There is always something in it for them when they all work together. It's for the leader to lead them.

SAMUEL: Essentially, in my view a leader is somebody who has an inspiring vision for themselves and their team within a company, and they are able to communicate that vision and motivate their people to embrace the vision.

Another participant with a pseudonym, Arnold, believed that:

ARNOLD: Desire can't be built up, the stamina is almost impossible to build up. Ability is always something that you get from training or repeated processes, so if you get someone with a high desire that means they're going to be passionate towards what they do, their ability is just really learning which should be very easy for us to help them through that process. So building up ability is much easier than building up desire.

In the extract of his interview above, Arnold mentions another characteristic a leader should possess to be successful in this industry – passion. Similarly, throughout the interviews of both Tom (pseudonym) and Suzanne, they reiterated several times that passion is a key characteristic for every leader they have ever met, as well as the ability to express that passion and the willingness to act in order to protect or gain the object of that passion.

TOM: A willingness to do something about it, a willingness to actually get off their arse and do something, [there are] people that complain about something without doing anything about it, and people that see it as an opportunity. In the end you're just giving them a possible solution to do this thing; if they don't see that as something that they can use then it doesn't matter, but if they see that and they go, "This is it, I've got faith in it," then yeah.

SUZANNE: I think the only difference between somebody who is a successful leader at something and someone who isn't a successful leader in that is their level of passionate desire, because the passionate desire gives them the focus and the ability to work at it.

Mark referred to having the passion and the willingness to act as being ‘aggressive’ in network marketing – having the hunger to succeed. He believed that what impacts the success of a certain network marketer is not the level of education the individual has completed, but the level of aggressiveness they have to do the steps prescribed in the company’s manual. His words on this topic were:

MARK: What I’ve learned in networking, you can throw out your PhDs and MBAs when you go into networking because at the end of the day it’s not about whether you have a degree or not, it’s about will that person do the business plan? Will that person listen and believe and do it? That’s the thing with the networking, it evens the playing field...It’s more of how aggressive will this person be; how aggressive, how will he do his homework?

In summary, the main attitude-based personal attributes identified in the first theme ‘Nature of leadership in network marketing’ are: self-confidence and self-belief, vision, and passion including the willingness to express them and act upon them.

### **Personal attributes – activities**

After the first few interviews I noticed that several activities were occurring repeatedly, such as undertaking steps for personal development including ‘finding a mentor’, as well as ‘leading by example’ – the leaders doing the same work tasks they train their team to do. In the following excerpt from his interview, Samuel reiterates the importance of self-development and studying particular skills which he believes are needed to achieve success in network marketing.

SAMUEL: So to be a leader [...] you need to be educated... educated in the art of leadership, educated in the art of network marketing, educated in the art of communication, educated in the art of motivation, educated in the art of managing your network marketing

businesses. So in other words, you need to set a goal to become an expert in your business.

According to the majority of interviewees, one of the ways to do that is by having a mentor or several people a leader looks up to and learns different aspects of the business and personal growth from. When asked if Tom had a mentor, he explained:

TOM: Yeah, I have some [...] mentors – they don't necessarily all know it as well, but there are people that I will model their behaviours or their skills or the way they speak as well.

Alex (pseudonym) believes that there is something more important than having a mentor and reading self-development materials:

ALEX: I read a few articles here and there and maybe a book here and there, but the most important [thing] I do is get back into the 'trenches' on a regular basis and I develop new lines, so new lines and new groups is what I do.

Developing a 'new line' is referring to starting a new team with a representative that the leaders introduced to the network marketing company by themselves as opposed to an existing representative within their team introducing the new representative to the business opportunity and the leader. According to Alex, this is only one of the actions effective leaders do by themselves and train their teammates to do the same. He added that he also had attained a certain number of personal customers in the last few days by himself; and that is something he also taught his team members, not by only telling them how to do it, but by showing them and then also acquiring customers himself. When the leaders do what they expect of their followers, network marketers call that process 'leading by example'. Claire also incorporates this in her definition of a 'leader':

CLAIRE: A leader means that it's not a manager; a manager *tells* people what to do. A leader *shows* people what to do, a leader leads by example, so I would never ask somebody to do something that I don't do or haven't done myself. A leader is more of a mentor trying to find out the best in people, trying to bring out the best, working with individuals and really everybody's different... and this took me a long time to work out 'cause I was knocking my head against a brick wall; not understanding that not everybody was like me, in the early days; that not everybody was self-motivated.

To conclude, the main activity-based personal attributes identified in the first theme 'Nature of leadership in network marketing' are: pursuing self-development by either having a mentor or consuming personal growth material, and also leading by example.

## **Sub-theme 2: Interpersonal attributes**

The examples and discussion in the first theme show that one of the predominant features of leaders in network marketing is that they communicate effectively and their communication is not limited to only their interactions with the teams they are leading. Throughout my research, the interviewees explained that they communicate continually with their prospects, customers, teammates, other leaders' teammates, mentors and colleagues – other leaders in the same or different network marketing company. They disclosed that they have conversations conducted in one-on-one situations, presentations and meetings held in small groups as well as speeches given in front of large audiences on a regular basis. The results from the data collection showed that there are governing principles upon which the leaders are building their interaction with the team.

## **Interpersonal attributes – attitudes**

When asked whether and what kind of expectations they have when a new team member starts working in their team, all the interviewed leaders except Mark said that they have no expectations of the new representatives joining their teams. This is what Alex and Jenny (pseudonym) said:

ALEX: I have no expectations when somebody joins the team...because you really don't know what somebody's going to do and so it's a waste of time to have any expectations... I'm not selling myself when I'm looking for somebody to work with... I'm really nice to them and they're either interested or not.

JENNY: My expectations are theirs. So whatever their expectation is and whatever they want out of their businesses I will be there to help them 100% to get there, but it's not my business, it's theirs and I don't tell them what to do or dictate to them what they should do...I'm not one of these people that just push everything on people and you have to do this and you have to do this; I tell them that it is their business and I'm here to support them 100% to get where they want to go.

Mark was the only one out of the nine leaders interviewed who said that he expects the new representatives in his team to do what he is doing, such as to use the company's products, to introduce them to their friends and to also “do the business side of the products” – to find other representatives who are interested in doing the same. This interviewee with only a year and a half spent working in this industry, has the least experience in network marketing among all of the nine leaders interviewed.

When I asked the leaders how they recognise someone who has the potential to become a leader in the future, they revealed another underlying principle about their attitude towards their team members. Samuel, now a retired network marketer, explained the

method he had when he was actively recruiting new representatives during his long-lasting network marketing career:

SAMUEL: My approach was – recruit everyone and let them select themselves to be leaders in the business. I was not going to judge whether or not they would be right for the team, I was going to let them select that by their behaviour, and what I always endeavour to do was to create an environment where they've felt that they wanted to belong and they wanted to have that achievement rather than obviously going to force them to do it.

Suzanne supports Samuel's view and confirms that neither she has any expectations nor disappointments from her teammates' actions or lack of actions:

SUZANNE: ... the team that I'm leading is a self-weeding garden and I'm sorting based on who wants it the most, I'm sorting based on who has the highest level of desire and their actions speak louder than their words. So I'll look for people who show up and I'm okay with people who don't.

Every network marketing compensation plan is based on representatives reaching higher positions with potential for earning greater financial and other company rewards by having a developed distribution network with a large customer base in their team. Most companies' policies prescribe a condition that for someone to be promoted to the next position they need to have a certain number of teammates reaching their level in the company hierarchy first before the original representative can move up the ranking. Mark described this process and the way he understood the ultimate goal of having a multi-level or network marketing business:

MARK: It's more of (what would I do?) just being in touch with them, ensuring that they're on the right path and that you are there to support them all the way through, because once they get to that level that they're quite successful and you know that they're on the right path,



you are like – “they can operate on their own already!”. So that’s the thing with the network marketing, you are creating like business units.

Creating ‘business units’ or more commonly referred to as ‘duplicating yourself’ is a mantra that network marketing trainers use to present one of the benefits of having a multi-level work-from-home business. It relates to the idea a network marketer benefiting from the work of other representatives doing the same type of work as themselves but in a different location. This results in freeing up time from working while still maintaining or increasing the level of income as the number of income-producing representatives in the team is growing. Tom explains this idea further:

TOM: So it’s inherent in the system, you have to help people ultimately, you have to have built people’s businesses or not build it for them but help them build a business, and the most productive way to do that is to build them to self-sufficiency, and the best way to do that is get them to a point where they can replicate and duplicate and build other people.

In conclusion, the main attitude-based interpersonal attributes identified in the first theme ‘Nature of leadership in network marketing’ are: to have no expectations of success of the new team members and to duplicate yourself by helping the teammates to become self-sufficient.

### **Interpersonal attributes – activities**

Besides developing the mind-set described in this sub-theme, the leaders talked about specific tasks they undertake in their interaction and relationship with their teammates. The ones I identified as reoccurring in all of the interviews were: setting goals, questioning, and strategising and organising. Setting goals or targets for someone to achieve either independently or with the help of others was pointed out as one of the

first actions to be taken when someone starts working in this industry. Jenny talked about setting her own goals and Arnold talked about setting goals for the new members joining his team.

JENNY: Just setting personal goals for me to reach the different levels...by the end of this month should be qualified as a team leader which is the fourth level in the business, and I have already set my goal to be director by the end of next year, which is the next level. I want to get to the top level.

ARNOLD: So you are setting the guidelines and the targets for people (team members) and you are helping them to achieve those targets in the beginning, and for them that is a motivating factor.

Questioning was another technical skill that all interviewed leaders utilised to build their teams of salespeople. Knowing how and when to ask adequate questions is equally important when a leader was trying to find out why a new team member wanted to join a network marketing company and why an existing team member wanted to stop working at it. Claire discusses how she used questioning when a new team member had recently joined her team.

CLAIRE: ...the plan is helping them achieve that first target. After that first month that's then, "Right, what is your goal? Now that you've tried it, now that you've seen what we do, now you've had a bit of success; I want you to think like six months from now, what would you like to achieve? If you had a certain amount of money what would you spend it on?" So it is finding out what their goal was, what they are going to work towards... It's only when they can find out their 'why', and I try to help them find out what that 'why' is because some people just don't know. They've got no idea why, what it is they are doing it for.

ANDRIJANA: What do you do, what methods or tools do you use to bring out the reason 'why'?

CLAIRE: Questions, just questioning... One-on-one situation, over the phone, sit down. I do coffees with my consultants a lot, but just re-examining all the time if somebody's 'why' has sort of slipped, or they've told me what they want but then they're not achieving what

they need to [in order] to get their ‘why’. Okay, something is changed here, what is it?

Samuel reveals how he used questioning techniques when faced with a situation where a team member’s productivity was diminishing.

SAMUEL: Usually I will interview them; I am going to be looking at a couple of things. Firstly, I will be identifying their activity level, and what I will be looking to do is to identify whether or not their problem is an attitude problem, whether their problem is an activity problem or whether their problem is a skills problem. And the first way I do that is I would sit down with them and say, “Hey, [team member’s name], tell me, what did you do last week?”

The last specific action of a leader in network marketing which I identified is strategising and organising. Below is an example of a particular strategy that Samuel used after he finished the above-mentioned interviewing phase with an unproductive team member.

SAMUEL: So if it is a skills problem then I would determine that I need to train them. If it is an activity problem I would determine that the prize – what is in it for them, is it worth the effort that they are putting in; in other words, do they see that the cost is too high. The amount of time they are putting in or the number of hours they are away from their family or the quality of their prospect list, it will be a whole bunch of these sorts of things that are the reasons why they are not putting the effort in and they have been losing belief, and I will be looking to give them strategies to overcome that. But I’m not going to do it for them, I will give them the strategy, I will enthuse them to go out and work on it, I will follow them up – but if they don’t pick it up I will look for the next person, I’m not going to waste too much time on it.

The organising tasks of the leadership in network marketing brought up in the interviews covered a variety of skills from arranging training sessions (including, for example, finding venues and public speakers for these sessions), to persuading others of

an idea or tactic and maintaining morale and commitment within the team. Alex summarises his method of achieving this and the reasons behind choosing and using this method.

ALEX: ...there is nothing I can do to motivate people. I do not believe in actually motivating so what I can do is just make sure that everybody is getting the training that they need, the support they need. If we teach people how to... use the fear of loss and vision cycle in order to promote the big pictures, that is great. But it really comes down to for somebody, you know it does not matter what is happening underneath them, it is a personal decision; they either have it or they don't and one thing you cannot do in the company is you cannot predict who is going to be [successful].

The 'fear of loss and vision cycle' refers to a two-part informal tactic used by network marketers when they speak to potential recruits about the opportunities they believe this industry offers. The first part – vision is about portraying how much the company, its products or its industry would develop and progress in a certain period of time in the future. The second part – fear is about explaining to the potential recruit that if they do not take immediate action and join the company that they will not be part of the vision when it becomes reality.

To recapitulate, the main activity-based interpersonal attributes identified in the first theme 'Nature of leadership in network marketing' are: setting goals (both personal and for the team), questioning, and strategising and organising.

## **Discussion of theme 1: Nature of leadership**

Kalpana (2009, p. 25) defines leadership as “a process by which a person influences others to accomplish an objective and directs the organisation in a way that makes it

more cohesive and coherent. Leaders carry out this process by applying their leadership attributes such as beliefs, values, ethics, character, knowledge and skills”. The attributes (both personal and interpersonal) that leaders in the network marketing industry have identified as most important for themselves and other aspiring leaders in their field are either attitudes or activities. The most prominent attitudes this research discovered are: self-confidence and self-belief, personal as well as greater vision (such as vision for their team, company and industry), passion and willingness to act upon that passion, as well as having no expectations from their teammates while aiming to ‘turn them into duplicates of themselves’. In addition, all the interviewees believed that these attitudes would not develop into anything material if there were no actions being committed by the leaders. According to Barker et al. (2001, p. 5) “the heart of leadership is a set of doubly ‘intellectual’ and practical ‘directive’ or ‘organising’ activities”. The most common activities the interviewees undertook believing that they are crucial for their personal and their team’s success were: continued personal development and leading by example, as well as setting goals, questioning, strategising and organising.

Looking at all of these attributes, it is important to also look at the question of their origin. The debate of whether leadership skills are learnt or inherent is as old as the debate of what leadership is. All of the interviewees, without exception, believed that leadership can be learned. The stories about leaders failing to do a specific task at the beginning and then succeeding at it after studying and practicing are evidence that network marketing leaders believe that any skills can be learned and that, with the appropriate support, any representative can become a leader of a team. According to the interviewees, a prerequisite to learning and possessing all of the leadership attitudes as

well as learning and practising the leadership activities mentioned above is having the vision and passion to achieve one's goals. Holladay and Coombs (1994, p. 165) define vision as "some desired future state". Therefore, having a future state in mind is as important as having the desire to reach or achieve that state.

The interviewed leaders strongly believed in the importance of expressing oneself through forms which are harmonious with one's overall message and purpose; therefore, they paid attention not only to what they said but also to what they did in front of their followers. In addition, they also ensured that the followers knew about their actions as part of their strategising and efforts to duplicate themselves. Believing that leadership can be learnt seems to be the foundation for a leader growing their network marketing business – an enabling process whereby people within their team are able to reach leadership positions.

Another way for leaders to teach someone in their team to become a leader, and in that manner to 'duplicate themselves', is by mentoring or apprenticing, as all of the current leaders are either being mentored by more experienced leaders, or they are mentoring future leaders within their team. The majority of the interviewed leaders at the time of their interview were engaging in both activities as they believed that network marketing is a craft that can be learnt with effective organisation by the leader. Ganz (2000) supports this notion as he believes that organising is a craft – a practice based on knowledge which includes elements of prudence, artfulness and creative adaptation. Furthermore, he claims that craft knowledge can be transferred by way of 'apprenticeship' rather than via a traditional academic path. One of the participants,

Mark, summarised the description of the role of leaders in ‘producing’ more leaders and the purpose behind it in the following extract from his interview:

MARK: What do they use? Well, number one, I know keeping everybody in the loop of what’s happening, developments, conducting sales meetings and duplicating yourself. You have to be able to duplicate yourself and these people that you duplicate should also duplicate themselves, that’s the thing there. It’s why marketing networking is about leveraging, you leverage; it’s not all about you doing it all on your own, but you’re getting people to duplicate what you’re doing and develop leaders. Yeah, so that’s what leaders do and I guess conduct meetings and support – supporting the team really.

Previous exploratory research among salespeople and their sales managers in corporate organisations (Deeter-Schmelz et al., 2008) discovered that besides the differences in attributes between these two groups, there was a difference in the group’s perceptions regarding the role of the sales managers in the organisation. Deeter-Schmelz et al. (2008) showed that followers look at their leaders as an indirect support mechanism, whereas the leaders view themselves as having a more direct involvement in the entire sales process. Their study examined the characteristics of effective sales managers from two perspectives – that of sales representatives and sales managers. The results showed that the representatives assess the effectiveness of the manager through the manager’s knowledge base, human relation skills, communication and listening to develop a role as a ‘supporter’ of the sales force. On the other hand, the managers believe that these same skills along with organisation skills allowed them to be more of a ‘participant’ in the sales process, thus strengthening their position as an effective sales manager (Deeter-Schmelz et al., 2008).

Contrary to these findings of what sales managers see their role to be in corporate settings, my research showed that in network marketing organisations leaders view their role as providers of indirect or technical support to the new salespeople joining their team. Examples of the type of technical support they are willing to provide are: setting goals and strategies of achieving those goals with each representative individually, questioning them about any issues they experience and suggesting possible solutions, as well as organising product demonstrations, business opportunity presentations and training events for their team members. The leaders I interviewed seemed uninterested to motivate or inspire people in network marketing since – like Arnold said – they are of the opinion that:

ARNOLD: “You can’t motivate people, [as] you can only influence [them] by showing them how it’s done”.

As my research did not set out to discover the perceptions of leadership of the network marketing followers, it explored in great depth only the perceptions of the leaders in this industry and it uncovered that these are closer to the ones of the salespeople than sales managers in the research conducted by Deeter-Schmelz et al. (2008).

In the first theme ‘Nature of leadership in network marketing’, leaders in network marketing described themselves as people with both personal and interpersonal well-functioning work habits and well-developed attitude building techniques. They have the self-confidence and the self-belief to create, express and act upon a vision for themselves and their team. They are devoted to self-development by having a mentor or consuming personal growth materials and claim to be ‘leading by example’. While they do not hold any expectations for results from their team, they do strive to ‘duplicate



themselves' by teaching their new teammates how to produce results by setting goals and strategies with them. What would be the purpose or the reason behind the motivation of leaders to invest themselves in a creation of a vision and the environment where that vision will become reality is the topic of the next theme – Purpose of leadership in network marketing.

## **Theme 2: Purpose of leadership in network marketing**

One of the main sections in each interview was dedicated to investigating the purpose of leaders working in the network marketing industry, as well as examining their leadership position within the industry. During my personal experience of working in this industry for two years I noticed that part of the personal story each leader used, when being introduced to business prospects and customers, was the reason or reasons why he or she joined the network marketing business. The reasons were many and differed greatly between leaders. However, fundamentally all could be classified as either egotistic reasons (benefiting themselves only) or altruistic (benefiting others).

### **Sub-theme 1: Egotistic purposes**

During the interviews all of the leaders were asked about their personal motivation for starting and continuing to lead a team in network marketing. Jenny and Mark responded to this question with:

JENNY: For my own success; obviously, I like the direct marketing side of things because you can build passive income and you can set yourself up for passive income in the future, and then you can get to a point where you don't have to work so hard and you can just lead or leave and that sort of thing, just to get to the level that you want to get to.

MARK: Everyone that goes into networking is for the money, it's always about money. That's why you go into business. Why do you go into business – to make money! And it's just a bonus when you like the product or you're able to help someone like the product.

When I asked Samuel about what are some of the most common motivators for the other leaders in network marketing he had met or heard about in his four decades of experience in the industry, he said:

SAMUEL: Fundamentally, the first motivator is the money. The second motivator is the ego. And the third motivator is all of the good reasons that they tell everybody is the first motivator.

Immediately after that I asked him about his personal motivations and why he became a network marketer and then continued to be a leader of many teams within the network marketing industry throughout all his remaining years of involvement. He answered that at the beginning it was because of the money, but once he gained a sufficient amount of money and after a personal struggle he fought at one point of his life, his prime motivators changed. He started having a more non-monetary approach to his reasons for being in his industry – which will be discussed in greater detail in the next sub-theme: ‘Altruistic purposes’.

Claire spoke about multiple reasons for being in network marketing for more than two decades:

CLAIRE: I get the rewards out of being a leader from what my girls (team members) do and that overtakes anything that I might personally be recognised for. I so much more enjoy seeing one of my girls achieve success because I’ve been there, done that now and that’s so much more important to me now rather than... I really enjoy the fact that I have so much experience that I can, very confidently, mentor them. I enjoy the personal satisfaction of achieving more than what I could do. I enjoy the rewards that go along with being a sales director because it’s just like with your business there’s different bonuses and rewards and extra money. To get the same income out in the real world that I have now, I would have to work full-time and I’m still only doing this part-time. The personal freedom, the choices, the

flexibility; I really love being my own boss and having my own business.

Tom's motivations have also changed over time in his seven years spent working in network marketing on a part-time basis at the beginning and full-time presently.

Cash flow was what attracted him to this business, but once he had that, he said that:

TOM: ...it feels really good to be personally responsible for other people's success, like to have someone come up and say something to you like that, that's one of the things that changed over time as well.

When I asked the same question but in respect of other leaders he knows, Tom answered with the following:

TOM: I've met people who are leaders that people absolutely love that their reason why was to get a boat, I'm not kidding, and I've known other people that I see as amazing leaders that have sick partners that they need to look after them and all that sort of stuff, and that's an absolutely amazing driving force. But then again, I know people who have sick partners who don't have that driving passion; so it's not necessarily the size of the why that does that, it's not necessarily how big that is, the why – I think there's something else that ties it in.

In summary, monetary rewards, especially in the form of a passive income, are what attract recruits to the network marketing industry. Additional benefits such as personal freedom from being their own boss and personal satisfaction acquired from helping other people achieve success were also part of the egotistic reasons of the leaders who were interviewed.

## **Sub-theme 2: Altruistic purposes**

As mentioned before, after a personal hardship period, Samuel's motivating factors have transformed – as he explains. He said that his personal experience caused the

financial drivers he had at the beginning to disappear and it gave him a much more benevolent reason for his involvement in the industry. In his words, that reason was:

SAMUEL: ...I could grow people and enjoy that, so as long as I made sufficient money I was really excited by the process of seeing people get it (the concept of network marketing).

Similarly, Claire is in this industry in order to help other people, especially other women, to achieve success. The following is what Claire answered when I asked about her reason for working in the network marketing industry.

CLAIRE: Regardless of whether they stay knowing that... I was able to influence them for the positive, for the time they were in [my company] and they learnt something, and they're better people today because of what they did. That became very apparent quickly. The rewarding part of this job is what keeps me there – seeing somebody run with it, somebody who you have nurtured through that first month, who you've helped them to find out what their 'why' is, over the second and third months, whose really sort of taken it and run with it themselves and its up and is kind of like a bird out of its nest; you just let it fly, but you're still there in more of a mentor role. That's why I'm still here because I just love seeing women achieving more than what they expected they could, more than what they ever thought possible... I just really want other women to feel that power that comes from self-belief.

Alex supported Claire's opinion:

ALEX: I love it when I help other people achieve the [high] positions [in the company]... That's personally one of the most rewarding, it's just like coaching (in sports); when you see other people's success and other people's successes, and they achieve things that they never thought that they could – it's phenomenal.

Johnny believes that his purpose in network marketing is to help people who, like him before, are financially struggling by giving them the same opportunity he had to “actually grow in life and do something better”. He values the personal growth, as well

as the networks of contacts and relationships he has built due to being in a network marketing company. He believes that he will become a better person in future due to his experience in this industry and that he and other leaders in the industry are helping people, too. However, he also thinks that the leaders will help new starters in the industry, but up to a certain point. When I asked for more details such as the time period a leader would be helping a new representative, he said:

JOHNNY: Well, there's no set time frame...at the end of the day – time is money and it's not [good if] you've got to be investing a lot of time with every single person and getting nowhere yourself and them as well. You will know who to invest time in – people that do show respect for your time, people that show that they are putting in the effort, people that are committed, that are honestly trying their best. Those are the type of people you invest time in, but you cannot keep 'babysitting' people. There are certain limits where you can utilise your time in somebody and you will figure it out with time; it's just there are no certain guidelines or no certain timeframes that you have to follow.

Tom, on the other hand, offered a view that regardless of whether the reason people work in network marketing business is selfish or selfless, they will have to help other people in their team achieve business success if they wish to reach high leadership positions.

TOM: If I don't care about other people's success but I want to deal with this business, I still need to build other people to positions. So even if I don't care about their success and I just want to build them to positions, I'm still building their success, you know, I'm still helping them even if I don't think about it that way. But it's the feeling that you get from it, I think, that makes that difference.

Tom's response indicates that determining a genuine reason for people being committed to leading other people in the network marketing industry can be a difficult task due to the system these companies use – leaders must have representatives in their team

reaching leadership positions in order for them to be promoted to the next step in their company's career ladder.

In conclusion, the non-monetary purposes for being a leader given by this research's participants include: helping other people to achieve success purely for the reason of seeing them doing something they thought it would be impossible for them to do, and empowering women as a specific target group for receiving their help. However, since a stable level of income is a prerequisite for the interviewees to continue doing the above, it can be also concluded that these reasons are altruistic declaratively only.

## **Discussion of theme 2: Purpose of leadership**

One of the key benefits of having a work-from-home network marketing business and a major attribute that attracts people to network marketing is the possibility to create an additional or main stream of income, including a passive or residual income. Therefore, it was an expected outcome to hear that financial freedom is what attracted leaders to become involved in this industry. What was unexpected to hear was that this has changed overtime and their secondary motivations are of a more selfless nature. The majority of these altruistic purposes presented above relate to helping teammates to also achieve their own financial freedom, as well as helping them to grow their personality by developing their self-confidence and teaching them new skills.

In Ladkin's (2010) discussions of leadership moments, 'purpose' is one of the elements constituting the author's notion of leadership occurrence, event or moment. Ladkin (2010) claims that purpose brings into play the ethical dimension of a leader – it

explores the issue of the leader's goal being the one that serves the best interests of the human condition. Agreeing with this, among the findings in the second theme of my research are examples of leaders who proclaimed different reasons for being in network marketing – some were governed by the idea to benefit their own human condition, some to benefit others and some were governed by a combination of these two. However, the more experienced leaders who have already satisfied their materialistic reasons for working in this industry, declared that they continue their involvement for the opportunity they have to help other people satisfy their materialistic and other needs.

According to Berry (1997) studies done in Britain and USA concluded that when people are joining a multi-level direct selling company besides earning extra income, other factors are also important such as: liking the products of the company, enjoying discounted prices for buying them for personal use, being one's own boss, and achieving short-term goals (like earning a certain amount of money for a specific purpose and leaving the company once this is achieved). In a similar study of four multi-level marketing companies in the USA, Wotruba and Tyagi (1991) found that salespeople who were motivated by factors such as: social rewards, the sense of accomplishment and self-satisfaction or having flexible working hours, generally displayed higher productivity in their sales performance and were less prone to quitting.

Sparks and Schenk (2001) used a sample of 736 female multi-level marketing members in a study that showed that the belief in a higher purpose of one's work has a positive relationship with job satisfaction and unit cohesion. The results of my study also offer support to the notion that transformational leadership indeed 'transforms' followers by



encouraging them to see the higher purposes in their work. The interviewed leaders started working in a network marketing company as an independent representative in a team led by another leader and now they lead their own team of independent representatives.

Bhattacharya and Mehta (2000, p. 369) conducted an analysis into the socialisation in network marketing organisations that also gave insights on individuals who are more likely to join a network marketing company. They concluded that individuals consume both 'social and economic output' from being members of network marketing organisations. They have also explained that social output is generated by social effort, whereas economic effort put into network marketing jobs has very high social productivity. But, as Bhattacharya and Mehta (2000) warn, society is becoming more fragmented and it is more difficult to generate social output, as a result the pure social effort exerted by network marketing representatives reduces even further and can potentially lead to network marketing teams evolving into very close-knit social groups that have little impact outside the group itself.

Theme 2 discovered that the main activities leaders in network marketing undertake as discussed in theme 1: 'Nature of leadership in network marketing' are based on a vision wherein the leaders and the followers experience a sense of 'calling' in their life, a sense of membership and a feeling of being appreciated and understood. When the leader portrays a vision during a private conversation with a teammate the vision is always in accordance with the needs of the followers (their 'reason why' for pursuing a network marketing venture). But, when the leaders share their vision with the greater public, then

they talk about their personal vision for the future of the team, the company and the industry of network marketing. In addition, the leader has a personal vision for themselves and often their family. In Kalpana's causal model of spiritual leadership (2009), the belief in a compelling and clear vision produces a sense of calling which consequently gives one a sense of making a difference and a sense that one's life has a meaning. In my research, this was confirmed as salient for the interviewed leaders but only as long as their income did not diminish.

## **Theme 3: Context of leadership in network marketing**

Besides purpose, context is another element in Ladkin's (2010) definition of leadership as a 'moment'. Guided by this concept and Ladkin's notion that from each perspective a different aspect of leadership's identity is potentially revealed, my research confirms that context is an important element in leading network marketing teams. Therefore, part of my investigation into leadership in network marketing companies is researching and discussing how the leadership in this industry arises in times of both hardship and prosperity.

### **Sub-theme 1: Adversity**

In this sub-theme, I discuss a range of reactions and responses from leaders in network marketing to situations in which they face a variety of common challenges in their industry. According to Eyerman and Jamison (1991), one of the crucial leadership functions is proposing appropriate forms of action; it requires leaders to possess so-called 'technical' skills. This, they claim, involves learning – often by trial and error. Most of the interviewees had stories of what they considered failures from which they believe they learned a lesson and, as a result, will avoid their repetition. For example, Suzanne's first public presentation of her company and the business opportunity it offered to potential independent representatives was one of these stories:

SUZANNE: ...my team now cannot believe that I used to find it hard to present. My first ever presentation in front of a lot of people, I remember being in the bathroom psyching myself up for it... I freaked out a bit. I looked out at the audience – I just remember struggling for breath, I just needed to buy some time and I said, "See, anyone can do this business because I am doing fine and I think I have just had a brain fart. I can't even remember my own name right now, I'm so

nervous.” It took the leaders about two years to get the confidence to put me back up the front of the room in case I said something unpredictable again. But what I got from that was, okay, I need to work on my presenting skills... and on my nerves in front of people. So that sparked off a whole set of courses on presenting and leadership... and getting through my fear.

Another interviewee endorsed the possibility of being able to ‘fail forward’ as one of the positive sides of network marketing, when he compared it with leading in sports – his only leadership experience prior to him leading a team in his network marketing company.

ARNOLD: I guess in sports when you lose, you lose; you can’t go back and learn from your mistakes – you lose a game, it costs you big. In network marketing you lose as in you fail during something it just brings you one step closer to success because you don’t have a limit of how many trials you can do with networking marketing. It’s what you put in what you get out. So you learn more from failure through network marketing than sports.

When a team member abandons their position in their network marketing business, the leaders can be affected in several different ways such as their income reduces and the motivation of the remaining team members suffers. Before executing their decision, the team member might communicate this decision to their team leader. I asked all of the participants about what they did when their teammates express doubts in the company or in their own potential and consider leaving the team. Johnny offered this view:

JOHNNY: Number one thing I would just start off again from day one when they started, their reason why. I’ll make them realise we had a conversation saying that it’s not gonna be easy. It’s not gonna be quick because if you realise any network marketing company, the law says: if you stay in one company and if you be persistent for ten years you will be a multi-millionaire. Some people are 30 years old and when you look at their bank account or their life in general it’s not that great. You make them realise if nothing has changed in 30 years why do they expect things to happen in 30 days or three months. And

second thing, more importantly is make them see the bigger picture, make them focus on their vision instead of that moment because vision is what keeps people going. I mean when we talk about we give an example of Apple Computers; you know they started in a garage. How would they know that they were going to be one of the biggest companies in the world? It was just purely the vision in their head, they didn't have the money. They didn't become Apple overnight, it was just persistence.

Claire had a more practical approach to dealing with someone who decided to leave her team:

CLAIRE: I just would encourage them to carry on using the products themselves. If they had been one of my personal team members I'll just let them know that I'll put them on my customer base now rather than as a consultant, and that from now on they'll be treated like a customer, and I do keep lot of them as customers. And they're happy with that because they've liked the product. If they're in with another consultant I'll always encourage them to go back to that consultant and I'll let the consultant know as well that they've decided not to do it anymore and to get them back as a customer and maybe get her customers off her as well so that somebody's not disadvantaged by not being looked after.

When I asked Samuel what he did when a team member reduced productivity – a common occurrence in network marketing and a common challenge for leaders – he said he uses questioning to determine the reason for this, as discussed in the second sub-theme of theme 1: 'Nature of leadership in network marketing'. Samuel further expanded on his attitude towards new and existing members in his team, bringing the notion of 'duplication of a vision' as the end goal when asked to elaborate on the philosophy and attitude he had when he recruited a new representative in his team.

SAMUEL: Firstly, creating that vision, having a personal vision as the leader and then having a vision which includes the people you are leading. [Secondly,] communicating that vision to these people in a way that motivates them to embrace it and the way you do that is by showing them how they can get what they want – so it is a sales job –

by embracing your system, embracing your product, embracing your programme, whatever. And then recognising them each time they achieve a step along the way, but not doing for them what they should do for themselves. I find lots of people in network marketing who are very skilled at doing the job, so what they do is they recruit people in and they do the job for them, but all they have done is created a job for themselves.

The interviewed leaders agreed that a leader uses vision not only as a motivating tool for their own success within their company, but they also use vision to influence their teammates to find or create the vision for their own lives. When I asked them how they do that, the most common answer was by identifying an existing problem in the personal sphere of the team member's life and offering a vision of how that problem could be solved through working in their company. When I asked one of the interviewees – Tom – what he does when a team member cannot think of any current issues in their personal or family life that being successful in the company could solve, he responded:

TOM: Well, a leader can help draw it out in them, a leader can help join them to another vision as well and just say, "Well look, if you're struggling finding one of your own then jump on board with this, jump on board with the company vision until you find your own" and look at it that way. Because a lot of people sometimes find it very difficult to actually come up with the reasons themselves. Sometimes they do – I actually had someone to say me, I'm not kidding, I said to him, "Well, what would you do if you had no bills, like all your bills are taken care of," and he is like, "Oh, I live for bills, that's why I work is bills. I do not know." He actually could not comprehend that as an idea and I am like, "uh, interesting". So, how do you drill down into that, sometimes is a bit tricky.

After this, I asked Tom if he as a leader could create a reason or create something that they could strive towards, such as goals and targets for that team member, and if that could be the answer. He replied:

TOM: ...but they need to create it. I think often they need to create it – an idea given is not owned, an idea had is owned. So if they come up with it then they own it...if it is not theirs then it is just something they are doing to please someone else, even if they sort of agree with it.

The size of the teams in the industry of network marketing can grow as large as having hundreds of thousands of independent representatives working under the direct or indirect leadership of one individual or a partnership of two or more leaders. It is not unrealistic that sometimes there will be conflicts among some of the team members or between a leader and a follower. One of the questions in my Interview schedule (Appendix 4) is ‘what do you say / do when someone within your team is challenging your leadership?’ and these are some of the leaders’ answers:

MARK: Of course, as a leader you have to be always open to the comments, find out why, why are they challenging my leadership? If they think they can be a better leader then they can prove and give them a crack at it, so give them an opportunity... Because you should always be open to ideas from all your groups, maybe a bad idea, it could be a good idea, but you have to always have an open ear and listen to them.

ARNOLD: There is a couple of people that did it and it used to annoy me, but I figured out something. Two simple rules: one, never give a person any ultimatums in network marketing – so it’s never “your way or the highway”, no ultimatums; and, at the same time, I’d rather be an inspirational leader rather than a controlling leader, or an influential leader rather than a controlling leader. So whatever desires or whatever suggestions they have I have a 100% support to it.

ALEX: Well, here my philosophy is the customer is always right... People here, if they’re in your team, whatever they want to do you empower them; you just empower them, you empower, you empower.

All of these leaders above agreed on giving the follower an opportunity to express their opinion even if it is different from theirs, and to also supporting them in their decisions to do something differently than what the leader would do in a given situation. With

these examples, the interviewees tend to prove their common point expressed throughout their interviews that ‘leaders are not managers’ as a manager would use their hierarchical authority to enforce their policies but a leader would empower their teammates instead.

To conclude, when a network marketing team is faced with adversity, its leader will, among other actions: call upon their vision, listen to the team’s opinion, talk to the team members individually, and propose a solution to the issue at hand.

## **Sub-theme 2: Success**

Leaders have different perspectives of what they consider ‘a success’ in network marketing and how they celebrate it. Tom, for example, enjoyed the fun and being responsible for people that comes with being successful in his network marketing company.

**TOM:** It’s fun. As I said, it feels good to be personally responsible for other people and making that difference. It really does feel good, and I guess that comes down to recognition and pride... I enjoy that, and in terms of the business side of things, it’s too good an opportunity to let go at the moment so I’m going to keep building it because we’ve got all this expansion still to come.

Claire enjoyed the public recognition given by her company for achieving different levels of success:

**CLAIRE:** One of the things that I enjoy about the direct sales industry is the recognition and the different levels within, you know the different career path levels; each have their own recognition so to speak, and I enjoy that because then you’ve got something to aspire to. So, even though I’m a leader as a sales director... there’s different levels of sales director that you can go for and there’s different



training with each level and there's different uniforms with each levels and different recognition that you receive at conferences.

Arnold looked at having success in his industry as self-fulfilment and the attainment of something that is not easy to achieve – since only a very limited number of people in the world have reached the highest positions in network marketing companies.

ARNOLD: ...not so much of recognition, it's an achievement – big difference. Recognition is you want to be on stage. I'm talking about achievement, self-fulfilment, you're fulfilled because you know you achieved something greater than anyone else has. A degree is easy to obtain. To become a senior vice-president at a network marketing company is not that easy to obtain.

Throughout the interviews the leaders shared details of many of their own struggles in their industry. Then they used the positive outcome of those struggles as stories in order to help someone else who is struggling, in a way similar to what Suzanne usually does:

SUZANNE: As much as it sucks at times, everything has a purpose and if they can just know this is all gonna be a great part of their story, it'll uplift someone else, and more importantly it's gonna be the key to their success. Responsibility is a number one priority... and what I say to my guys is, and this is what I've said to myself, "If I'm getting this result in [company name] it's gonna be showing up somewhere else in my life, it's just I haven't acknowledged it yet." So if I'm shy in [company name] or I'm frustrated in [company name] or anything that stops me in [company name] is going to be stopping me somewhere else anyway – it's just that in the other parts of life I haven't seen it yet, and it's still there and if I keep sweeping it under the carpet it's gonna grow and manifest into something that I don't want, so I might as well clean it up now in [company name] – I get paid for it.

To summarise, for leaders in network marketing success can manifest itself in various ways – through achieving a rare achievement (such as reaching a top position in their company's ladder), to receiving recognition and feeling pride for being responsible for other people's success.

### **Discussion of theme 3: Context of leadership**

When Eyerman and Jamison (1991) looked at leadership in social movements, they recognised that part of it is the articulation of theoretical visions of the social world and the ‘problems’ it has, along with the actions needed to be undertaken in order to overcome those problems. Furthermore, Barker et al. (2001, p. 15), when discussing their observations about effective leadership in social movement studies, conclude that in order for leaders to be able to offer new and creative responses to critical moments they need to have “a capacity to reassess, to change tack, to explore unknown territory, to advance and to retreat, to learn creatively, as well as to alter their immediate and long-term goals; and re-evaluate their existing means”. In this respect, the *leaders in network marketing are like leaders in social movements*. They locate and highlight areas for improvement in their representatives’ lives and offer achieving success in the network marketing company as the solution. They also map the road to success by suggesting the action plan via strategising and organising as discussed in sub-theme 2: ‘Interpersonal attributes’ of the first theme: ‘Nature of leadership in network marketing’.

One of the most common responses of the interviewed leaders to challenging team members is to build a relationship with them based on closeness, helpfulness, respect and love. According to Kalpana (2009) in his notion of spiritual leadership, altruistic love must be given unconditionally from the leadership and received by followers for them to join in the pursuit of a common vision. “This serves to remove fears associated with worry, anger, jealousy, selfishness, failure and guilt and gives one a sense of membership – that part of spiritual well-being that gives one an awareness of being

understood and appreciated” (Kalpana, 2009, p. 27). Kalpana (2009) also states that “the purpose of spiritual leadership is to create vision and value congruence across the strategic, empowered team and individual levels and ultimately to foster higher levels of organizational commitment and productivity” (p. 25). The two key leadership behaviours he identified as necessary to create a sense of belonging and ultimately more productive and organisationally committed followers are: creating a vision, and creating an environment for people to feel valued enough to embrace that vision. The interviewed leaders rely on their followers’ faith in the organisation’s vision to keep them looking forward to the future. Through the above-mentioned aspects of spiritual leadership employed by these leaders, they provide the vision, help the followers to identify their desires and they create a positive environment in order to stimulate their followers’ innate motivation. In this manner, it can be concluded that *elements of spiritual leadership are present in the leadership found in network marketing.*

Ali, Babar and Bangash (2011) conducted a study among 277 medical representatives of national and international pharmaceutical companies to evaluate the relationship between the transactional and transformational leadership styles and organisational commitment. The data revealed that there is “a significant correlation between transformational leadership style and organizational commitment and transactional leadership style and organizational commitment” and that “the transactional leadership had 23% impact on organizational commitment and transformational leadership had 46% impact on organizational commitment” (Ali et al., 2011, p. 524). On the other hand, my research revealed that since the leaders in network marketing do not have access to either rewards or penalties to be able to influence the results of their team of

salespeople (transactional leadership), they rely on the use of referent power such as their teammates' commitment to the vision (Hinkin & Schriesheim, 1994) to ensure they stay loyal to the team and the company. Therefore, it can be concluded that *these leaders practise the transformational style of leadership* over the transactional style.

Furthermore, my findings show that *leadership in network marketing has characteristics of charismatic leadership*. Charismatic leaders are thought to communicate in an expressive manner and by using the language of leadership when crafting visions (Bass, 1990). According to Yukl (1989), the content and the presentation of the vision should contribute to the perception of leader charisma. As discussed earlier in this chapter, the leadership found in network marketing has elements of transformational leadership and its related concept of charismatic leadership since it focuses on the creation and implementation of the leader's vision. Research has been conducted to explore the correlation between vision, communication and charismatic leaders (Conger, 1992; Goldhaber, 1990; Hackman & Johnson, 1991). In these discussions of vision and charisma it is deemed that communication of the vision only is not sufficient for the creation of leadership charisma and a mass of followers. The style (the choice of language and mode of expression) and delivery (the presentation) of the message are the two facets of communication that are also significant and as such they should be addressed (Holladay & Coombs, 1994).

From the interviews, it can be concluded that the one-on-one and face-to-face conversations between the team leader and team member is the preferred method of delivery of messages from the leader to the follower. During these meetings, the leaders

use the ‘reason why’ as a way to create commitment within their team member. Another aspect of leadership in the network marketing industry that became evident in this theme is that leaders have their own strong reason or several reasons for working in network marketing which they use as motivation for their own performance. But they also utilise teammates’ personal ‘reasons why’ in efforts to facilitate improvement in their well-being and performance, especially in situations when the teammates are faced with personal challenges.

In addition, every leader I interviewed told me their story of how they started working in this industry and had another story of their path (challenges and rewards) to the leadership position they were at in their network marketing companies. That story has also become part of their reputation in that company as they were introducing themselves by telling that story to prospects and new team members; also, others are now using that story to introduce them to audiences before the leader speaks at a training or other type of company gathering.

Ladkin (2010) claims that although leadership may manifest itself differently within different contexts, it still has “collective mobilization towards an explicit or implicitly determined purpose” (p. 28) as a common feature. Thus, the leader’s vision plays a crucial role in the steering of the team towards success as the common goal regardless of the positive or negative occurrences along the way. Throughout the past several decades, the importance of vision in leadership has been discussed and highlighted in both the academic and popular publications and by authors such as Bennis and Nanus (1985), Bass (1990) and Ladkin (2010). Holladay and Coomb (1994) believe that an

effective leader articulates the vision and moves followers towards the fulfilment of that vision. During my thematic analysis of the interviews one of the most common codes among all of the interviewees was 'vision'. Vision was mentioned in a variety of contexts from having a personal vision to having a vision for the entire industry, as well as using vision to attract new members to the team or keep the existing ones.

## **Metaphors of leadership in network marketing**

“Leadership is a language game, one that many do not know they are playing. Even though most leaders spend nearly 70% of their time communicating, they pay little attention to how they use language as a tool of influence” note Fairhurst and Sarr (1996, p. xi). There are researchers such as Shotter (1993) and Cunliffe (2001), who argue for recognition of the centrality of language in management. With this in mind, it is vital to discuss the importance of language in the ‘doing’ of leadership and to look at the language the leaders in my study used to describe the relationship with their team members.

In order to explain the ‘doing’ of leadership and to capture the discursive resources that are employed by this research’s participants to manage meaning, the definition of discourse must be discussed first. As Potter and Hepburn (2008, p. 275) state, from a constructionist perspective “discourse is the fundamental medium for action – it is the medium through which versions of the world are constructed and made urgent or reworked as trivial and irrelevant”. They also claim that for social scientists working with discursive constructionism the study of discourse is the dominant way of studying “social processes, organizations and events as they are continually made live in human affairs” (Potter & Hepburn, 2008, p. 275). From this perspective, it can be concluded that meaning is not ‘out there’ in some pre-discursive fashion, but has to be managed as people talk it (Clifton, 2012). Some of the discursive resources found in the interviews were metaphors, analogies and anecdotal stories, and the metaphor – as the most common – will be discussed in greater detail below.

## **Leaders' metaphorical portrayal of leadership**

When I asked the respondents in my study to describe how they envision a successful leader in their industry, they used adjectives such as: passionate, assertive, accessible, committed, educated and empowering. They used the same or similar adjectives when asked to describe their own leadership style. However, this was not always done in a direct way, but through a number of metaphors the interviewees were using throughout their interview and also in their everyday work in order to convey their points or describe their experiences. For example, Arnold compared most leaders in network marketing, including himself, with a “black sheep” – people who did not do what their family and friends did and what was expected of them. Arnold then elaborated on this by providing examples of everybody in both his immediate and extended family being highly educated and having successful careers in traditional professions except him. His exact words were:

ARNOLD: We (the network marketing leaders) don't believe in following other people's footsteps, it was never right; it never made sense to us. It gives me a great start with multiple people. If you sat down with other people, top people in the company, way [more] experienced than me, they will say the same thing, and they were always the 'black sheep' of the family. They are the people that do not like to be told what to do.

When Suzanne answered the question about what she did when someone in her team started doubting themselves and reduced productivity, she used three metaphors in her answer that she used with her teammates who were in a similar situation. She told her teammates that “crap is a great fertiliser, it is like rocket fuel”, referring to the fact that challenges people face in this industry are like a fertiliser for them to grow to a top position within the company, as it would make them strong. She also told them the



following metaphor which is used in her children's school where every child is looked upon as a beautiful, sparkling diamond but the facets of the diamond are sometimes clouded over with dust:

SUZANNE: So the facet is typically a virtue like patience, or a virtue like integrity, or a virtue like determination, resilience, and what they do at the school is they use these virtues as opportunities to polish up the facets of the beautiful diamond that each child is. So if two children are having a fight and one of them shows the courage to stop the fight and the other one shows the patience to talk it out, then they get given the acknowledgement for that in the class and they get a little stone where the teacher has written 'patience' or 'courage' or whatever on it. Their job is to collect as many stones as they can because this is them polishing up the facets of who they are as a beautiful gem; and then the light of who they are can really sparkle.

Suzanne also portrayed the road to becoming a leader in a network marketing company as an "apprenticeship to the top position in that company" and taught her team that "everything that happens on that road happens for a reason". The reason is that, one day they would tell their apprenticeship story at their promotion to the highest position in the company, on the stage at one of the future company conferences, to an audience that aspires to reach that same level of company success. Therefore, she labelled leaders as "dealers in hope" and added that the job of a leader is to "give people hope by having been there and done that".

From the metaphors leaders used to describe themselves in the interviews, it can be concluded that leaders take pride in their past struggles and being different from society's majority. They believe that they can overcome hardship and should use that story to their benefit in the future – it seems that in a way they are welcoming

challenges for the purposes of using the overcoming of those challenges as a source of hope for their followers who might be next to find themselves in such a situation.

## **Leaders' metaphorical portrayal of followership**

During the early stage of my field research it became evident that the interviewed leaders have personal relationships in addition to the business relationship with their teammates. The leaders looked at the personal relationships they had with their closest team members as one of the main contributors to the success of their team. In the same manner, my interview questions became more focused on exploring how leaders built and maintained these relationships and what 'tools' they used to ensure they were improving their leadership activities and team relationships so that their team members would continue to see them as a leader. Samuel had the following to say on this topic:

SAMUEL: The relationship you build with the people, that becomes important, and that becomes long lasting. If the money is maintained...the money can go up and down, but if it stays reasonably good all of the time, people will stay even though they are not growing the money because of all of the other benefits they get from being the leader, which includes ego gratification, the recognition, the perceived power to influence others, to be seen as a guru.

ANDRIJANA: What happens if they do? (If the money diminishes?)

SAMUEL: Then they leave the company and look for some other organisation, but they usually pull the people they've been leading with them because the relationships are so strong. They don't get them all but they get a lot of them.

Mark, speaking about the difference between leading in the corporate world and leading in the network marketing world, said:

MARK: ...in the corporate world they (the subordinates) in a way need to listen to you, to follow you because they are on your payroll, shall we say, and they can be performance-managed or they can be fired.

They can be disciplined you know all of these things, but in networking if they don't like you, they won't cooperate – then that is it for you [to find a way to motivate them].

Therefore, the principal question is what determines if a team member would “like” their leader and stay loyal to them and their company if a leader cannot “performance-manage” them. These are some of the answers given to this question by the research participants during their interviews:

ARNOLD: So before I even try to do anything businesswise I will try to actually become the person's friend, you know, one more member to the *family* I would say... every rep comes into the business as an addition to the *family* and we just build up our relationship with them to become *friends* 'cause then it becomes more personal. And if you look at it today, most of my *friends*, 90% of my good *friends* are network marketers.

SUZANNE: ...for me the *connections* are really important and providing something of value is really important. Something that works well is when you feel like you can be of value; that you work with people that you feel like you will be a value to.

Suzanne added that she also relies on the connections people in her team have when she is trying to help them resolve a conflict between teammates. She usually says to them:

SUZANNE: “Look, it is part of like *families*, they're not always polite to each other; everything doesn't always go smoothly. It's a part of us being a *family* as well as the communication within the team”.

However, at the same time as leaders are building family-like relationships with their teammates, they have said that they are also avoiding attachment to these same team members in order to avoid disappointment by not having any expectations from the team. The leaders' attitudes and strategies of dealing with a non-producing team

member has revealed how leaders regard followers which Suzanne summarised in the following extract from her interview:

SUZANNE: I've realised over the years that they've got to want it, they've got to want it, and if they don't, then they don't. And I learnt that the time that I spend trying to keep someone in the team is time that I could be spending finding someone that I don't need to keep in the team because they're self-driven and self-motivated.

Tom justifies this process by using a proverb – an example from other language devices present in the interviews: “It is easier to give birth than to raise the dead”. He was not the only one who used a figure of speech to depict different concepts during the interviews. For example, Suzanne used a metaphor when she said: “... the team that I'm leading is a self-weeding garden” referring to the unproductive team members giving up from pursuing a network marketing career by themselves. Furthermore, Samuel used analogies to demonstrate how photocopying and recruiting in network marketing have similar characteristics by offering the following explanation:

SAMUEL: The ones [leaders] who have sustained businesses are looking for people who will get up and do it of their own accord – that's the 'magic one' they're looking for, and that is a numbers game. So when you've got a leader who does that, they draw other leaders. In network marketing people recruit people who have a lesser status than themselves in the main. So it's a little bit like taking a document, photocopying and then taking the photocopy and photocopying that – each time you create a new generation of the photocopy it loses definition – and that happens in network marketing. So, if you have a person who is strong they will recruit strong people, probably not as strong as themselves but strong people nonetheless. If you have a person who is weak they will tend to recruit weaker people and it washes out very quickly. So a good leader, a smart leader in network marketing, when they see a strong person, what they do is they put their attention to that strong person because they know that that strong person will draw other strong people.

Samuel also uses an analogy in his own theory which he named after himself to describe his recruiting philosophy:

SAMUEL: I've actually got an analogy for this – I call it '[interviewees' real surname]'s walnut theory'. The way the walnut theory is this – the world is full of nuts; most of them are peanuts, those little nuts. But anybody who gets involved in network marketing is probably a little nutty to start with but the ones who are the leaders, the ones who really make it are the walnuts; they're the big nuts. The trouble is when you've got a bowl full of nuts some of them are peanuts, some of them are walnuts; it's very hard to tell which one's which. The only way you can really tell is you shake the bowl and all the big nuts rise to the top, that's my recruiting philosophy. Recruit everybody, shake the bowl and watch the big ones rise... what you want to do is create an environment for them to self-select.

In the above, Samuel called his teammates “walnuts”, while Alex referred to personally introducing new sales representatives to his team as “developing a new line” when he explained his recruiting strategy, and Mark referred to the new teammates joining his team as a process in which he is creating new “business units”.

In summary, information about the leader's relationship with his or her followers can be found by looking at the linguistic devices – primarily the metaphors – used in the interviews. Although some of the leaders referred to their team as their “family” or “friends”, some leaders habitually refer to the team members who joined their team after them as different objects especially when explaining the notion of ‘duplicating yourself’.

## **Discussion of metaphors of leadership in network marketing**

The leaders in network marketing I interviewed label themselves as people who do not follow other people's opinions, they like being their own boss and they are usually seen by the others and by themselves as 'the black sheep of the family'. This metaphor is one of the many discussed earlier along with the stories of perseverance, which indicates that leaders see themselves as people who overcome obstacles – often expecting them and mindfully preparing for them as if they were voluntarily subjecting themselves to the hardship viewed as an opportunity for personal and professional growth.

Barker et al. (2001, p. 7) claim that "leadership is, above all, an activity of persuasion, reflecting its other aspect, leadership as a relationship". Although in his study to trace the origins of network marketing organisations, Biggart (1989) has realised that the relationships in most network marketing teams are not just friendly, but highly personal as well, with the representatives' personal lives intermingling to a point where they often describe themselves as a 'family'. My research's findings support Biggart's notion with two of the nine interviewed leaders (Arnold and Suzanne) referring to their team as "family"; also, Samuel referred to leaders in network marketing as "parents" who according to his "firm belief" need to be "loving and firm" and almost all the leaders said that building close relationships with their teams is a crucial element for their success.

On the other hand, another crucial factor for success identified by all of the interviewed leaders, except for one (Mark), is protecting themselves from disappointment and discouragement by not having any expectations from their team members' performance

in their company as discussed in the first sub-theme of theme 1: ‘Nature of leadership in network marketing’. Furthermore, spending time with unproductive teammates is referred to as “wasting time“ by the majority of interviewees, such as Johnny when I asked him about the amount of time he spends training and helping each new person joining his team (extract in the ‘Altruistic purposes’ sub-theme of theme 2: ‘Purpose of leadership in network marketing’).

The end ambition of every leader I interviewed is to ‘duplicate’ themselves as that is the way to grow their business and, ultimately, their income. The examples of the use of different language devices such as metaphor, simile, anecdote and proverb discussed above, all portray the followers as objects such as “walnuts”, “self-weeding gardens” and “business units”. My findings are in agreement with ‘linguistic objectification’ as one of the types of discursive discrimination argued by Boréus (2006, p. 410) and defined as a linguistic expression where people are discussed “as if they lacked feelings, needs and wishes”, as well as people who are discussed “in other ways as if they were things, for instance, tools”. According to Nussbaum (1999) there are seven core ways in which it is possible to treat a person as a thing; one of them is ‘instrumentality’, meaning that – through their use of language – the objectifiers treat the object as a tool for his or her own purposes. Boréus (2006) also argues that it is difficult to find one typical speech act used in linguistic objectification. On the contrary, this can be achieved by using different devices such as attributing traits to the people being talked about as things.

Although leaders were aware of the significance of building close-knit relationships with their teammates and referred to them as friends and family, the language they used when they discussed their team also reveals that team members are being objectified. If we are guided by the above, it seems that developing new leadership in network marketing is merely a case of ‘wait and see’ or ‘sift and sort’ and similarly, the role of the leaders in this industry seems to be simply about finding the next leaders. Do great leaders who work in network marketing inspire other people to become great leaders? Or is a great leader the one who has the best system of finding the next leader? These are pertinent questions for further research.

## **Summary of chapter Four: Findings and discussion**

To conclude chapter Four, in order to present the data and the findings from interviewing the participants in this study, I have organised the information into six sub-themes – two for each of the three main themes: the nature, the purpose and the context of leadership in network marketing. This chapter also presented examples and discussion of some of the metaphors leaders in network marketing use when they talk about how they view themselves and how they communicate with the teams they lead. The next and last chapter is Conclusion.



## **CHAPTER FIVE: CONCLUSION**

The fifth and final chapter offers the main conclusions I extracted from my findings presented in the previous chapter in an attempt to concisely answer my research question – how is leadership in network marketing perceived by the leaders in this industry? I also discuss the limitations of this study and suggest recommendations for future research. This chapter starts with a retrospective of my research process by reviewing my original research goals.

### **Research retrospective**

“Leaders must relate to followers and together they interact within a particular context and work towards an explicit or implicit purpose” (Ladkin, 2010, p. 27). The context that exists within the observed leadership is paramount in any leadership research. As the international literature suggests, companies do not differ only by the marketing techniques they adopt, but also by the underlying attitudes towards all of their stakeholders (Lindgreen et al., 2009). Because of this, aspects of the operations and actions effectuating in network marketing companies – such as leadership – cannot be assessed and explained with existing literature derived from research of leadership in organisations functioning within a different structural and human relations frame.

While the literature review in this study acknowledged that there are many leadership theories which differ significantly, it also highlighted this gap in qualitative research which led to the formulation of ‘how is leadership in network marketing perceived by the leaders in this industry?’ as my research question. I chose and started researching

this thesis' question eagerly anticipating the uncovering of the 'secret' of effective team leading within the network marketing industry and then to use the knowledge not just for the purpose of completing my Master's degree, but to also benefit my own career path in this industry. During the course of my research, as my personal and professional circumstances were changing, my views on the interpretation of my research findings were evolving as well. I realised that my professional interests are now oriented towards a different industry allowing me to view the findings of this research through a more unbiased prism.

I continue to have a high regard and respect for the network marketing industry and for everyone who participates in it. I believe, along with Croft and Woodruffe (1996), that if properly structured and in the correct environment, the network marketing distribution method can offer companies rapid and highly profitable penetration in otherwise impenetrable markets. I also believe that working in a network marketing company, besides financial benefits, can also provide access to personal development and skills upgrade opportunities for its members.

## **Research summary – answering the research question**

This research identified seven main conclusions about leadership in network marketing – two were generated from analysing each of the nature, context and metaphors in the collected data, while one conclusion was produced from researching the purpose of leadership in network marketing. After looking at both the personal and interpersonal attributes of leaders in this industry and a range of attitudes they possess and activities they perform, the two main descriptions of the nature of leadership in network

marketing are: *leaders in network marketing believe that leadership can be learned and they view their role as providing technical support to their teammates, but not motivation.*

The interviewees offered a range of reasons for their involvement in network marketing including some which were egotistic (such as money, lifestyle, freedom and recognition) and others which were altruistic (such as helping other people). When I completed the analyses of the palette of purposes leadership in network marketing served for both the leaders and their followers, I reached the conclusion that the *leaders start their leadership career in network marketing for materialistic reasons and once these are satisfied, they continue leading for declaratively altruistic purposes conditioned by the continuation of stable income levels.*

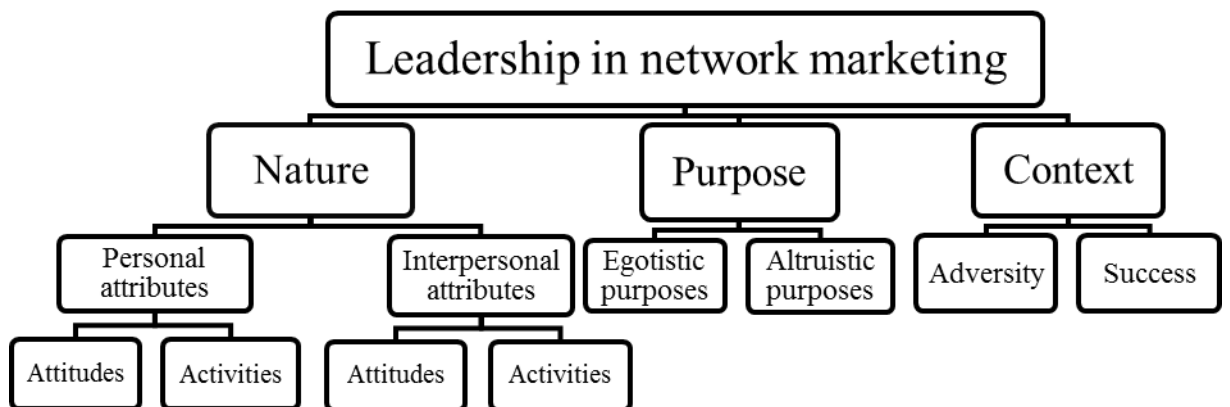
Following my attempts to place the leadership in network marketing in a category of any of the main historic or contemporary leadership theories, I came to the conclusion that *leadership in network marketing fits a spectrum of leadership types dependent on the context.* For example, the leaders in this industry used strategies to determine a problem within their team and then offered a solution resembling the characteristics of ‘leadership in social movements’. Offering help, love, support, and having an organisational vision that helps individuals make a difference in the world they could not otherwise make, are other characteristics found among the network marketing leaders which are synonymous to ‘spiritual leadership’. The participants in my study also displayed elements of ‘transformational’, ‘charismatic’, and ‘visionary’ leadership in their own styles of leading. Another conclusion that became evident after analysing

how leaders behave in different situations such as adversity and success is that *leaders in network marketing use vision to overcome adversity and use success to re-iterate their vision.*

Finally, after looking at metaphors as one of the types of language devices used by the leaders to describe themselves and their followers, the last two conclusions were formulated: *network marketing leaders refer to themselves as 'willing overcomers' – meaning that they believe in non-conforming with what the society norms are, even if that will cause negative consequences. The last remaining conclusion is that the network marketing leaders refer to their team members as 'family' while linguistically objectifying them.* Having briefly summarised the main findings of this study, I will now point to some of its limitations.

## **Limitations**

The final thematic map in the Findings and discussion chapter (Figure 6) and below, is just that – a map that helps us make meaning of the collected data, but there is so much richness in this data and even more in the unexplored sections of my area of interest.



As there is no simplistic way of classifying what a leader in any given industry is and does, any attempt at organising the knowledge about leaders in network marketing gathered from my research into specific categories and tables will also have its shortcomings. Some codes discovered with the thematic analysis have been found in multiple themes and sub-themes but, for presentation and practicality reasons, have been discussed only as a part of one particular theme or sub-theme within this thesis. On the other hand, some codes identified as less prominent than the ones discussed throughout this thesis have been omitted due to word limit constraints.

As per Ladkin's (2010) approach to leadership as a 'moment' (Figure 1), the last 'piece' of leadership (besides 'context', 'leader' and 'purpose') is 'follower'. Since the research question was concerned with exploring only the perspectives of the leaders, this study did not examine the impact of leadership on network marketing representatives – the followers; nor did it explore the perceptions of followers regarding their leaders.

Lastly, although I am aware of the existence of literature critical of the network marketing industry and that a more critical reading of the findings of my study is

possible, I would like to highlight that my intention for this project was to allow the representatives I interviewed to speak freely about their experiences in their industry without any judgements about the soundness and legitimacy of multi-level direct selling. Consequently, the results from the data analysis are deliberately descriptive, rather than critically interpretive.

## **Future research**

The exploratory nature of my study indicates that there are multiple directions and ideas for future research. Some of the potential questions for research in leadership in network marketing are: what is the role that the expectations and ideas of leadership embedded in the followers' minds play in determining whether or not an individual will be recognised as a leader in their network marketing company; or do the findings in this thesis apply in the context of the particular culture the researcher is considering? Future research might also benefit from exploring the perceptions of leadership in network marketing based on gender variables – differences and similarities in how each gender views leadership in network marketing and how each gender leads in this industry. A future research can also conduct a quantitative research on this same topic to confirm or negate my findings produced via a qualitative research method.

As the network marketing companies start operating in one country before they expand internationally, future researchers can look at the role of leaders in the internationalisation of network marketing companies. Since there were limited codes pointing to the presence of servant leadership among the network marketers I interviewed, a question is self-imposing – is there (still) room for leadership to be

viewed as a servant-leader in the network marketing industry or in business in general? Future research could test servant leadership vis-à-vis other leadership styles that are also considered to be building positive working relationships between leaders and followers. Similarly, Ismail, Mohamed, Sulaiman, Mohamad, & Yusuf (2011) believe that it is important for future research to examine whether servant leadership has a stronger impact on sales staff turnover than transformational leadership.

The sales environment is constantly changing. Ingram, LaForge, Locander, MacKenzie and Podsakoff (2005) note important influences on change in sales companies in four categories: customers, competitors, technology, and the ethical and legal environment. Direct selling companies using the network marketing distribution channel can benefit from further research into how leaders in network marketing companies respond effectively to the rapidly changing and complex environment in which they operate.

Conducting and finalising this research has also prompted certain directions for future research in leadership in general. Having in mind the astonishing amount of academic work published in the area of leadership research, it is intriguing to explore what our preoccupation with leadership reveals about us as individuals and why we are fascinated with it. My research offers a description of what leadership in a particular industry is as its final outcome. A future research could instead consider what leadership is for.

My academic and personal interest will continue to be in researching leadership in network marketing and other direct selling companies as a former industry active participant and a respecter of this industry and its participants.

## **Concluding remarks**

“Leadership has been around for thousands of years, and yet there is no single definition everyone would agree on” claim Suri and Prasad (2011, p. 7). Some of the reasons for this include leadership’s continuous evolution and the discrepancies in researchers’ perceptions of leadership. Moreover, leadership is becoming less tangible in the contemporary business environment which puts pressure on leaders to deal more effectively with complexity and change.

This research sought to investigate the characteristics and activities of effective network marketing company representatives who have reached a leadership position from their own point of view, linking those characteristics and activities to relevant leadership literature. As high-performers are significantly more self-aware than those performing less well (Church, 1997), only high-performers in the several network marketing companies operating in New Zealand I had access to, were interviewed for the purposes of this thesis.

Despite the limitations above, I believe this study constitutes a novel approach to our understanding of leadership by exploring it in a network marketing context and from the perspective of successful leaders in the industry. Using a qualitative design based on the social constructionist framework, the thematic analysis of the collected data provided a sketch-map, descriptive and tentative evidence of what it means to be a leader of a sales team in the growing industry of direct selling multi-level marketing companies. While this study does not attempt to provide definitive answers about what leaders in this industry think and do in order to be successful, the findings from it may be used as a



stepping stone by other researchers to define a more comprehensive image of network marketing leaders and their role in their industry and our society.

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# APPENDICES

## Appendix 1: An acknowledgement from the Massey University Human Ethics Committee



MASSEY UNIVERSITY

1 March 2011

Andrijana Trajanovska  
29 Seafield View Road  
Grafton  
AUCKLAND 1023

Dear Andrijana

**Re: The Role of Leadership in the Internationalisation of Network Marketing Companies**

Thank you for your Low Risk Notification which was received on 18 February 2011.

Your project has been recorded on the Low Risk Database which is reported in the Annual Report of the Massey University Human Ethics Committees.

The low risk notification for this project is valid for a maximum of three years.

Please notify me if situations subsequently occur which cause you to reconsider your initial ethical analysis that it is safe to proceed without approval by one of the University's Human Ethics Committees.

Please note that travel undertaken by students must be approved by the supervisor and the relevant Pro Vice-Chancellor and be in accordance with the Policy and Procedures for Course-Related Student Travel Overseas. In addition, the supervisor must advise the University's Insurance Officer.

**A reminder to include the following statement on all public documents:**

*"This project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher(s) named above are responsible for the ethical conduct of this research.*

*If you have any concerns about the conduct of this research that you wish to raise with someone other than the researcher(s), please contact Professor John O'Neill, Director (Research Ethics), telephone 06 350 5249, e-mail [humanethics@massey.ac.nz](mailto:humanethics@massey.ac.nz)".*

Please note that if a sponsoring organisation, funding authority or a journal in which you wish to publish requires evidence of committee approval (with an approval number), you will have to provide a full application to one of the University's Human Ethics Committees. You should also note that such an approval can only be provided prior to the commencement of the research.

Yours sincerely

John G O'Neill (Professor)  
**Chair, Human Ethics Chairs' Committee and  
Director (Research Ethics)**

cc Dr Ralph Bathurst  
School of Management  
Albany

Prof Claire Massey, HoS  
School of Management  
PN214

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Massey University Human Ethics Committee  
Accredited by the Health Research Council

Te Kunenga  
ki Pūrehuroa

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[www.massey.ac.nz](http://www.massey.ac.nz)

## Appendix 2: Participant information sheet



### ‘The role leaders in network marketing companies play in retaining their sales force’

#### INFORMATION SHEET

My name is Andrijana Trajanovska and I invite you to participate in a research on the role that leaders in network marketing companies play in the retention of their sales force. As well as being an Independent Representative for a network marketing company, I am also a student at the Massey University in Auckland enrolled in a Masters of Management programme at the School of Management. The research I am conducting is for my thesis.

I will explore what is the role that leaders in network marketing companies play in the retention of their sales force, as well as what leadership style gives best results in retaining the sales force in network marketing. The study being proposed here is aimed at analysing certain characteristics of transactional and transformational leadership in the network marketing context where both face-to-face and computer-mediated communication methods are used. More specifically, the researcher will investigate how the two styles are perceived by the leaders who interact with a team of independent representatives.

As part of my project I would like to invite representatives from network marketing companies who are currently in a leadership position to be involved in this research. If you chose to be involved, interviews would take about **between half an hour and an hour** and I may want to speak with you again to clarify some of the things discussed in the interview. I would prefer to **audiotape the interview but this would be done only with your consent**. The audio tape recorder can be turned off at any time during the interview.

The information I collect will be **confidential**. It will only be available to my supervisor, Dr Ralph Bathurst, the individual participant who supplies it and me. In my final report, **anonymity will be preserved by assigning pseudonyms to participants**. No actual names of individuals or companies will be used.

You are under no obligation to accept this invitation. If you decide to participate, you have the right to:

- decline to answer any particular question;
- withdraw from the study at any time up to 1 September 2011;
- ask any questions about the study at any time during participation;
- provide information on the understanding that your name will not be used; and
- be given access to a summary of the project findings when it is concluded.

If you wish to be interviewed please let me know by filling in a Consent Form and sending it to me or contacting me on +64 28 8500 1037 or at [ane28\\_2000@yahoo.com](mailto:ane28_2000@yahoo.com) to organise a collection.

My supervisor is: Dr Ralph Bathurst  
 School of Management (Albany)  
 Massey University  
 R.Bathurst@massey.ac.nz

Tel: + 64 9 4140800 ext. 9570

Thank you very much for your time and help in making this study possible. If you have any queries or wish to know more please phone me or email by using the abovementioned contact details.

Regards,  
 Andrijana Trajanovska

**This project has been evaluated by peer review and judged to be low risk.**

**Consequently, it has not been reviewed by one of the University's Human Ethics**

**Committees. The researcher(s) named above are responsible for the ethical**

**conduct of this research. If you have any concerns about the conduct of this**

**research that you wish to raise with someone other than the researcher(s), please**

**contact Professor John O'Neill, Director, Research Ethics, telephone 06 350 5249,**

**email: [humanethics@massey.ac.nz](mailto:humanethics@massey.ac.nz)**



## Appendix 3: Participant consent form



MASSEY UNIVERSITY  
COLLEGE OF BUSINESS  
KAUPAPA WHAI PAKIHI

**‘The role leaders in network marketing companies play in retaining their sales force’**

### PARTICIPANT CONSENT FORM – INDIVIDUAL

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I agree/do not agree to the interview being sound recorded.

I agree to participate in this study under the conditions set out in the Information Sheet.

I agree to keep confidential all information concerning the project ‘The role that leaders in network marketing companies play in the retention of their sales force’.

<b>Signature:</b>		<b>Date:</b>
<b>Full name – printed</b>		

Ti Kunenga  
ki Pōrehuroa

School of Management

Private Bag 102 904, North Shore City 0745, Auckland, New Zealand T +64 9 441 8115 F +64 9 441 8109 <http://management.massey.ac.nz>

## **Appendix 4: Interview schedule**

**Title:** ‘The role leaders in network marketing companies play in retaining their sales force’

**Researcher:** Andrijana Trajanovska

During the interview I would like to discover your views of what does it means be a leader in a network marketing context and how do you, as a leader, build and maintain your team of independent representatives.

### **Introductory questions:**

1. Demographics: age, education, professional background...
2. How long have you been working in the network marketing industry?
3. How long have you been working in your current company?
4. What is your current position in your company?
5. How did become involved in the industry?
6. What attracted you to network marketing?
7. What keeps you motivated in network marketing?
8. Why did you choose your current company, as contrary to other similar to yours?

### **Discussion questions:**

1. What does the word ‘leader’ mean to you?
2. When is one considered to be a leader in network marketing (when they reach a position/something else)?
3. Have you ever had to lead a team in a company other than a network marketing company?
4. If yes, please describe your way of leading that team? What were your responsibilities?
5. How are leaders in network marketing companies different /similar from executives/managers in traditional companies? What are your responsibilities of a team leader in network marketing?

6. What is your philosophy when you recruit people as part of your network of independent distributors?
7. Once they joined your team, what are your expectations?
8. What do you do to help the new team members achieve success in the company?
9. What do you do to keep them dedicated to the team and the company?
10. What do you do to develop your own leadership skills?
11. What are the characteristics of leaders in network marketing companies?
12. What are the motivations of leaders: command/control, legacy, self-interest?
13. Why do YOU want/chose to be a leader?
14. What are the rewards /personal satisfaction you are getting from being a leader?

**Situational questions:**

1. What do you say / do when a team member reduces their productivity or starts doubting the company's and their own potential?
2. What do you say / do when a team member leaves your team?
3. What do you say / do when there is a conflict situation between two or more team members?
4. What do you say / do when someone within your team is challenging your leadership?
5. What do you say / do when someone outside your team is challenging your leadership?

What is the best advice you can give to someone aspiring to become a leader in NZ?

Was there anything I did not ask you about leadership in network marketing but you think it is important to be added to rest of the questions?