



**MULTI LEVEL MARKETING: FACTORS INFLUENCING
TEENAGERS TO UNDERTAKE AS CAREER OPTION**

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ABSTRACT

The direct selling industry is experiencing phenomenal growth in Malaysia. The Domestic Trade, Cooperatives and Consumerism Ministry projects that there will be a 20 percent increase in volume of direct sales growth to RM5.5 billion in 2010, RM6.2 billion in 2011 and RM7 billion in 2012. The Direct Selling Act 1993 has been reinforced to accord protection to potential consumers. With the real wages in Malaysia decreasing and increasing unemployment especially among fresh graduates there may be a greater incentive to explore multilevel marketing (MLM) to supplement their income and maintain their desired modern lifestyle. However, the perception of MLM has in the past been tainted by unscrupulous pyramid and ponzi schemes which aim at quick profits and are not sustainable. This paper aims to investigate factors of Multi-Level Marketing industry which can influencing teenager to undertake MLM as a career option. There are some variables include in this research which can influence teenagers to undertake MLM as career option such that, high reward scheme, MLM is easy to start, MLM company provides a good service, MLM need low initial capital, and MLM offering opportunity for unemployment.

CHAPTER 1

1.1 INTRODUCTION

Multi level marketing (MLM) is a marketing strategy in which the sales force is compensated not only for sales they personally generate, but also for the sales of the other salespeople that they recruit (Direct Selling Association of Malaysia, 2013). This recruited sales force is referred to as the participant's, 'down line', and can provide multiple levels of compensation.

The party who recruited other participants is the "up line". These agents are paid commissions, bonuses, discounts, dividends or other forms of consideration in return for selling products or services (Koehn, 2001). A company using this type of marketing is a MLM company. The MLM Company may be an individual, firm, corporation, or other type of business entity (Koehn, 2001).

The examples of MLM Company are Avon, Amway, Equinox International, Mary Kay, Nu Skin, and Tupperware. According to Reese, 1996, MLMs may be legal or illegal. Moreover, MLMs become both illegal and unethical if they operate as "pyramid" or "endless-chain" schemes (Koehn, 2001). Other than that, success factor that influence Malaysian especially teenagers are, MLM can be observed as a good technique with a company and distributor relationships, by dividing the profit according to their qualifications and distributors not only profit from the sales only, also profit from the sale of the recruited (Constantin, 2009).