



The accounting fundamentals of multilevel marketing, income security and the poverty challenge in Nigeria

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ABSTRACT

This study examined the relationship among accounting fundamentals in multilevel marketing, income security and the poverty challenge in Nigeria? The research hypothesis is that there is no positive relationship among these variables. The theoretical framework of the study is Abraham Maslow's hierarchy of needs theory. In line with this theory therefore, the study found that at the level of poverty challenge all needs are unsatisfied. The physiological needs accordingly become and remain pronounced. It is held in the study that income security in this country is primarily for the satisfaction of the citizen's physiological needs. Citizens that lack food, shelter and clothing (physiological needs) are accordingly poor. And they require income (income security) to fight poverty. Then devoid of the application of accounting fundamentals, the satisfaction of these needs (invariably, the confronting of the poverty challenge) through the mechanism of multilevel marketing is likely to remain unachievable. Findings of the study thus led to the conclusion that the application of accounting principles (accounting fundamentals) is critical to effectiveness in multilevel marketing. Consequently, the result of the study challenges network marketers in Nigeria to consider the application of accounting fundamentals as one of the critical success factors in their business engagements. Such massive business tendencies therefore would invariably impact positively on income security in the country and furthermore profoundly lead to reductions in the national poverty challenge. This work is highly significant in its interdisciplinary ambitions. Hence, from the standpoint of public administration (financial administration) the study delves into the concerns of accountancy, business studies and economics. Besides, the study's design and motivations touch deeply on the area

of international trading relations, as the major promoters of multilevel marketing-engagements in the country are actually non-Nigerians. The study's report should accordingly be of some interest to multidisciplinary scholars and some government departments.

Keywords: Accounting Fundamentals, Multilevel Marketing, Income Security, Poverty Challenge, Nigeria

1. INTRODUCTION

Multilevel marketing is comparatively an emerging business engagement in the Nigerian economy. Franco & Gonzalez-Perez [1] have also opined that multilevel marketing has rapidly expanded to developing and emerging markets in the last decades. Then Ab Rashid et al [2] see multilevel marketing (MLM) as a business strategy that is gaining its popularity worldwide. Furthermore, citing Cahn [3] Franco & Gonzalez-Perez [1] highlight that business analysts have noticed that contrary to regular businesses, multi-level marketing companies' success run counter to economic cycles, as these firms usually have their successes in countries that had just experienced an economic crisis (countries where citizens' physiological needs have remained largely unmet). With the current economic recession in Nigeria therefore, members of many more households are adopting the multilevel marketing option in searching for an increasingly elusive income security. Poverty ratios are also currently in the abnormal percentages in the country. These scenarios have invariably turned such emergent multilevel marketing citizens into business persons of some sorts, either on part-time or full-time bases.

These citizens have equally become business administrators. But business administration possesses a critical component of accounting fundamentals. To what extent therefore is the budding breed of recession-induced practitioners of multilevel marketing in the Nigerian nation adopting the applicable accounting practices in their business engagements? Can there be a positive relationship between the application of such accounting fundamentals (in multilevel marketing) and the achievement of the intended income security. How does this relationship correlate with the evident poverty challenge in the country and its amelioration?

Indeed, according to Coughlan & Grayson [4] the distinctive characteristics of network marketing (multilevel marketing) organizations suggest the need for a deeper understanding of how they work, what motivates their distributors to perform in various ways, and the implications of these actions for network sales, growth, and profitability over time. The central research question of this study is accordingly as follows: what may be the nature of a relationship among accounting fundamentals in multilevel marketing, income security and the poverty challenge in Nigeria? The purpose of the study thus becomes to investigate what may be the relationship among accounting fundamentals in multilevel marketing, income security and the poverty challenge in Nigeria. Invariably, the research hypothesis is that there is no positive relationship among the application of accounting fundamentals in multilevel marketing, income security and the poverty challenge in Nigeria. The theoretical framework of the study is the hierarchy of needs theory.

2. STATEMENT OF THE PROBLEM

Most states in the Nigerian public sector are in immense arrears of salaries to their workers. And this has worsened the poverty challenge in the country as the families of such workers grapple with the challenge of income security and accentuated physiological needs scenario. Hence, according to Ahiuma-Young [5] as Nigerian workers joined their counterparts across the world to celebrate May Day in 2016, gloom, frustration, bitterness, anger, lamentation, and despair were not enough to describe their mood as not more than ten states, out of the thirty-six states in the federation had fully paid their workers' salaries (and allowances) up to date. In some of the states, the workers were being owed for nearly twelve months. And then to add insult to injury, in August 2016, the Nigerian government officially declared that the country was experiencing an economic recession [6,7].

In order to confront the occasioning trials therefore, many Nigerian citizens are taking the business route of multilevel marketing. But to what extent is some accounting fundamentals applied in their businesses? And if these accounting practices are not followed (by the emergency business practitioners) how is the impact of their business engagements measured, with regards to income security and the confronting of the poverty challenge in the country, by the citizens?

Furthermore, in Effiom and Effiong [8], the result of the hypotheses-test showed that there is a strong positive relationship between Multilevel Marketing (MLM) and job creation on the one hand and MLM and income generation on the other. Although MLM was found to be a means of wealth creation and a good source of residual income, it is by no means a business targeted at poverty alleviation. Significantly, 75% of respondents spent above the poverty benchmark (\$1.25/day before joining the Forever Living Products Company which was studied by Effiom and Effiong.

The issue now is this: why is it that after MLM was found to be a means of wealth creation and a good source of residual income, it is by no means a business targeted at poverty alleviation? Significantly, highlights Effiom and Effiong [8], 75% of respondents in their study, spent above the poverty benchmark (\$1.25/day before joining Forever Living Products Company. Is there anything in the operational demands of MLM that prevents the poverty-prone citizens from engaging in this walk of life?

3. SCOPE AND DELIMITATIONS OF THE STUDY

The study's scope is delimited to the possible financial accounting trajectories of multilevel marketing and its empirical bearing with income security/the poverty challenge in Nigeria. The work is fundamentally not on ethical concerns in multilevel marketing. In addition, the study's research emphasis is not fundamentally on marketing but strictly on how the application of accounting standards in this current sphere of Nigerian citizens' endeavour may engender the needed income security and poverty alleviation. The work is further delimited to the activities of the distributors of a specific network marketing company. The operational structure and modus operandi of the typical multilevel marketing company is fundamentally outside the focus of this study.

3. 1. Limitations of the Study

A major limitation of the study is inherent in the theme of the research. This is because; multilevel marketing (it is of course its counterfeit types) has continued to be characterized as unethical in some academic investigations. But this brand of business has (despite the academic controversies) continued to attract the empirical attention of very many citizens, particularly in an era of economic challenges (where physiological needs are yet to be met by a preponderant number of citizens). As a limitation to the study therefore, there is an apparent dearth of mainstream scholarly works on multilevel marketing (for literature review purposes). Incidentally, this same incidence of limitation serves as further motivation for the study. As a shortcoming therefore, it may be difficult to locate a strategic point at which to join any existing debate on multilevel marketing. Thus, for this study to originate its own debates incidentally turns what would have amounted to limitations into strength factors.

Secondly, the delimitations of the study may also be considered a limitation (no wordplay intended). This is because the sample size could be considered inadequate for generalizations in the wider Nigerian context. However, the same sample size remains an accurate focus on an active Nigerian-based multilevel marketing company and her distributors. To such extent, the study's Nigerian-wide ambitions indeed retain immense plausibility and credibility.

3. 2. Operationalization of key Concepts

- Accounting Fundamentals: Accounting in this study implies the activity or practice of bookkeeping in business. It refers to the proper keeping of business records in order to determine profitability and efficiency. Accounting fundamentals accordingly mean in our research that basic record keeping that is necessary for the determination of the efficiency and profitability of a business engagement.
- Multilevel marketing (network marketing) organizations are retail selling channels that use independent distributors not only to buy and resell product at retail prices, but also to recruit new distributors into a growing network over time. Commissions and markups on personal sales volumes, and net commissions on the personal sales volumes of down-lines, are the methods of compensation commonly used to motivate multilevel marketing distributors [4].
- Income Security
Income security in this study is not an allusion to a national economic configuration. It is more of an intended achievement of the individual citizen.
- Poverty Challenge
Generally, posits Nwokeoma [9] poverty is a state of lack or deprivation of either material resources or other necessities for good living. In this study, we basically see poverty as lack of the necessities for good living. Poverty challenge in this regard, becomes the challenge of confronting and subduing the incidence of lack of the necessities for good living (the challenge of incapacities in meeting physiological needs by citizens). The occasioning encounter with poverty in this work is conceptually, primarily wedged by the individual citizen. The successful results of the separate challenges however invariably translate to positive developments at the higher / macro level in a nation.

4. SIGNIFICANCE OF THE STUDY

The work is immensely significant in its exploratory insight into the relationships among the variables of accounting fundamentals, multilevel marketing, income security and poverty challenge in a socio-economic setting. This work is also highly significant in its interdisciplinary ambitions. Hence, from the standpoint of public administration, drawing impetus from its genre of financial administration, the study delves into the concerns of accountancy, business studies and economics. Besides, the study's design and motivations touch deeply on the area of international trading relations, as the major promoters of multilevel marketing-engagements in the country are actually non-Nigerians. The study's report should accordingly be of some interest to multidisciplinary scholars and some government departments.

In addition, the study has been undertaken and its results being availed to the academic community (and other interested parties) at a time of economic uncertainties in the Nigerian focus of the study (and on the global front). The study accordingly arrives at a time the complete difference between products-driven multilevel marketing engagements and indefensible Ponzi schemes needs to be continuously highlighted. Furthermore, it appears as if income security is no longer widely considered a critical component of poverty-prevention subjects. This study has attempted to reverse this trend, thereby repositioning income security as a crucial factor in poverty-deterrence scholarship.

5. THEORETICAL FRAMEWORK OF ANALYSIS

Abraham Maslow in his famous article, *A Theory of Human Motivation*, propounded the hierarchy of needs theory. It was anchored on satisfaction of human needs. The theory proposes that people are motivated by multiple needs and these needs exist in a hierarchical order [10]. The five levels of needs identified by Maslow are accordingly, physiological needs, safety needs, social needs, esteem needs, and self-actualization. Physiological needs are also called survival needs and include the needs for food, shelter and clothing. They (the physiological needs) exert a stupendous influence on behaviour because they are necessary for man's existence [10]. According to Rao [11] cited by Izueke, physiological needs dominate when all needs are unsatisfied.

Consequently, in applying the theoretical framework of hierarchy of needs to this study, it is held that at the level of poverty challenge, all needs are unsatisfied. The physiological needs accordingly become and remain pronounced. In essence, in the application of this theoretical framework to the study, it is proposed that income security is primarily for the satisfaction of the citizen's physiological needs. Citizens that lack food, shelter and clothing are poor. They require income (income security) to fight poverty, and satisfy the occasioning physiological needs. Devoid of the application of accounting fundamentals, is the satisfaction of these needs (invariably, the confronting of the poverty challenge) through the mechanism of multilevel marketing, achievable? It is in these regards that the study is framed on the hierarchy of needs theory. The challenge of satisfying these needs move more and more citizens to become network marketers.

6. LITERATURE REVIEW

6. 1. What is Multilevel Marketing?

According to Koehn [12] multi-level marketing, also known as network marketing refers to the practice of distributing, selling or supplying products or services through various levels of independent agents (contractors, distributors, etc.) These agents are paid commissions, bonuses, discounts, dividends or other forms of consideration in return for selling products or services and/or for recruiting other agents. The party who recruits another participant is the “upline” of the recruit. The recruited party is the “downline” of the recruiter. In multi-level marketing businesses, uplines are paid bonuses or commissions on the sales made by their direct downlines and by those who are downline of these direct downlines. A company using this type of marketing is a multi-level marketing company. The multi-level marketing entity may be an individual, firm, corporation or other type of business entity [12]. It is instructive to highlight that genuine multilevel marketing is completely different from pyramid or Ponzi schemes, which are not the subjects of this study.

Relating the concept and origins of multilevel marketing (in Nigeria and elsewhere) to its direct selling pedigrees, Effiom and Effiong [8], citing Peterson and Wotruba [13] narrate:

The whole concept of (MLM) is relatively new in Nigeria when compared with some other European and Western Countries where they have existed for over three decades. The direct selling industry (DSI) is a conglomerate of all firms that distribute consumer goods and services through personal (seller to buyer) contact in a location away from fixed business areas (like retail stores) particularly at home. It is the locational characteristic that distinguishes it from other forms of personal selling...MLM is a subset of the DSI. Distributors are used in selling company products, and also in recruiting other distributors. As a result, they receive compensation for their sales and from sales of those individuals they recruit. The senior distributors are called uplines while their recruits are called downlines.

Muncy [14] further highlights that direct selling refers to the way a firm contacts and executes business with their customers but not all direct selling is multilevel marketing. However, Muncy continues, within the direct selling industry, there is a common type of compensation plan that is used by many of the leading companies. Sellers are compensated not just for the sales they personally generate but for the sales generated by the people they recruit. Then because those involved are compensated down, through multiple levels of recruits (i.e., those they recruit, those their recruits recruit, etc.), this type of direct selling is often called multilevel marketing [14]. The recruiting is usually done through personal networking; thus, multilevel marketing is also sometimes referred to as network marketing [14].

6. 2. Ethical Questions

Some debates have ensued on the many similarities between MLM and Pyramid schemes particularly at the level of European Union and USA regulatory systems. Many companies which develop MLM networks promise higher profits to their distributors based on the extra-commission earned from their downline. Other firms do not provide all the information about their products to their customers and distributors, or give false information.

All these practices are considered unethical, being classified as “misleading commercial practice”. Other criticisms consider MLM as being an aggressive practice, as far as the distributors visit the consumers at their home and try, in various ways, to convince them to buy products that they do not really need. On the other hand, some companies force the distributors to buy high quantities of goods without any possibility for the latter to return the unsold products. Thus, the distributors are forced to buy the products for themselves [15-18].

Multi-level marketing, continues Constantin [18], has been subjects of debates at the level of the European Union, the European Commission being sponsor of some research programs with the aim to study whether and to what extent it is necessary to have European rules on multilevel marketing. One of these studies emphasized that MLM techniques have been, and still are, criticized for containing elements of the well-known, but usually banned, “pyramid and snowball systems”. This is because multi-level marketing allows, at least in theory, for the erection of an endless ladder of marketing levels. And according to the same (EU/EC) study, pyramid and snowball systems allow the members of the distribution chain to receive bonuses for recruiting new members of the network or a part of the initial investment made by the new members. There are included in the same category of pyramid and snowball systems therefore, those systems in which a member earns commissions only related to the continuous purchases of the new members introduced by him into the network. In conclusion however, Constantin [18] posits that beyond the issues regarding the legality of MLM networks, both at the level of the USA and the EU, it is recognized that those plans managed according to business ethics and respects regarding customers and members of the distribution network could be considered correct and legal commercial practices.

What is denoted as a multilevel marketing company in this study is a correct, unethical and legal enterprise. The study is not interested in pyramid or Ponzi schemes and endless-chain distributor engagements, with their unethical and illegality controversies. This study is about product-based companies with highly demanded products, not recruitment-based schemes whereby remunerations are mainly hinged on the capacity to attract new members. Coughlan & Grayson [4] have accordingly highlighted the core aspects of multilevel marketing (network marketing) organizations as follows: Network marketing organizations (NMOs) differ from other retail selling channels in several important ways. We define NMOs as those organizations that depend heavily or exclusively on personal selling, and that reward sales agents for (a) buying products (b) selling products and (c) finding other agents to buy and sell products. NMOs have several distinctive characteristics:

- (1) They are typically lean organizations, using independent distributors or reps to sell their products, rather than hiring and managing a large employee sales force.
- (2) Most NMOs do not advertise or have a retail storefront presence. This makes retail sales force motivation a crucial component of business success in this form of channel.
- (3) Distributors in an NMO do not receive a salary, as many other retail salespeople do; their pay depends on the commissions and retail markups they can generate. Thus, the system is very heavily performance-oriented.
- (4) NMOs offer an effective ‘menu’ of compensation opportunities, similar to the menu-of-contracts concept discussed in Lal and Staelin [19]. An NMO distributor can either sell retail product or can recruit and manage other distributors. This effectively gives the NMO distributor the opportunity to work on the task that best suits her ability [4].

6. 3. What is Income Security?

According to the ILO Socio-Economic Security Programme [20], income security denotes adequate actual, perceived and expected income, either earned or in the form of social security and other benefits. It encompasses the level of income (absolute and relative to needs), assurance of receipt, and expectation of current and future income, both during working life and in old age or disability retirement. Classic income security protection mechanisms include a minimum wage machinery, wage indexation, comprehensive social security, and progressive taxation. Hence, the dynamics and trajectories of the inherent security in income matters in the Nigerian economy are currently in turmoil. ILO [21] sees income security as follows:

Income security is not only about the adequacy, but also about the regularity of income. It is a subject that is of concern not only to the poor, or to those who are on the verge of poverty, but to all who earn an income from their work, whether they are wage or salary earners, derive an income from self-employed activities, or any of the variants which are to be found in the rural and urban informal sectors, or are simply destitute, often as a result of an incapacity. But fluctuations in income are particularly hard on those who previously had very little income.

Income security is accordingly derived from many different sources. It has been based on mandatory social security contributions as well as general taxes, for both of which there exists a strong consensus. And it has been matched by private schemes and personal provisions, which have supplemented the public ones [21]. Age Action [22] highlights that income security is not only concerned with having an adequate level of income, it also relates to assurances and expectations about receiving an income now and in the future. It's an issue of concern not only for people during their working lives but also during times of illness and in older age. Income security then is about actual, perceived and expected income. It can be a worry for everyone but this is especially true for older people. Age Action [23] further declares:

Income security is important for both society and the economy. If people have secure incomes it helps to prevent them from falling or remaining in poverty. They are also less likely to be subject to inequality. In addition secure incomes facilitate people to contribute to the economy. At an individual level income security greatly enhances everyone's ability to live a life of dignity.

6. 4. What Poverty Represents in Nigeria and Elsewhere

According to the International Labour Organization (ILO):

Poverty is the absence of material necessities. It is associated with low health status and inadequate public health services, insufficient funds to obtain health care, low expectancy of life, minimal or no education, illiteracy, bad housing, dirty water and sanitation, and lack of public infrastructure. Contingencies such as ill health and old age which those in better circumstances are able to cope with become magnified and potentially

catastrophic to the poor. In particular, poverty is frequently associated with an absence of political and democratic empowerment and a voice in community affairs [21]

According to ActionAid [22] poverty remains endemic in Nigeria despite the introduction of several anti-poverty programmes by successive governments and according to statistics, the incidence of poverty has significantly increased in Nigeria since 1980. Poverty is widespread in both rural and urban areas in Nigeria. The rural areas, however, record a higher incidence, depth and severity of poverty than the urban areas. It is therefore not surprising that the majority of the people in Nigeria perceive their living standards, by both income and non-income measures to be stagnating and worsening [22]. There is no disputing the fact, that Nigeria is richly blessed with numerous natural/mineral resources. This notwithstanding; poverty continues to ravage its citizens [24]. Furthermore, a United Nations (UN) report on Nigeria's Common Country Analysis, CCA, has described the country as one of the poorest and unequal countries in the world, with over 80m of her population living below poverty line [25]. The United Nations' report further highlights:

The situation has not changed over the decades, but is increasing. Poverty and hunger have remained high in rural areas, remote communities and among female-headed households and these cut across the six geo-political zones. Youth unemployment which is 42% in 2016 is very high, creating poverty, helplessness, despair and easy target for crime and terrorism. Nigeria's economy is currently in a recession and it is estimated that government revenues have fallen by as much as 33 percent, which has further resulted in the contraction of the Gross Domestic Product, GDP, by 0.36 percent in the first three months of 2016.

6. 5. Gap in Literature

There seems therefore to be a gap in literature, in the area of the relationship among the variables of accounting fundamentals in multilevel marketing, income security and the poverty challenge in an economy. There are no doubts; some important contributions have been made in the related regards. For instance, the famous study of Coughlan & Grayson [4] concentrated on compensation plans, retail network growth and profitability in network marketing organizations. But the area of relationship among the application of accounting fundamentals in multilevel marketing, income security and poverty challenge in an economy has most probably not been critically explored. There is still a likely research gap in this dimension. The current study is an attempt to fill such a gap.

7. STUDY AREA AND METHODOLOGY

The overarching area of the study is the Nigerian economy. The research is however further focused on Kedi Healthcare Nigeria Limited. Common products sold through Multilevel Marketing (MLM) include: health and fitness products, cosmetics, cleaning agents, electrical appliances and several others [8]. Kedi Healthcare Nigeria Limited operates in all these regards.

The survey research design was utilized in the study. Kedi Healthcare distributors registered under Service Center 313 (SC313) with operational base at 93 Pound, Road Aba, in the Aba South Local Government Area of Nigeria's Abia State, constituted the population of the study. Service center 313 had a total of 2,655 (two thousand six hundred and fifty five) registered distributors as at August 31, 2016, the selected cutoff date for determination of the study's population. This number of course includes the active and non-active distributors, as the interests of the investigation also borders on whether the proper introduction of accounting practices may increase the effectiveness of a distributor, thereby reducing the incidence of non-activity, which negatively impacts on income security. To arrive at the population sample, the convenience and purposive sampling techniques were adopted. This gave rise to a sample population of 531 (five hundred and thirty one respondents), translating to twenty percent of the study's population.

The study was conducted over a six months period. Usually in Service Center 313 (SC, 313) there are weekly seminars conducted on all Mondays (excluding public [bank] holidays). Prospective distributors are invited to these meetings by the existing participants. The highly active distributors are usually present in the seminars while periodically, some of the non-active distributors stroll into the meetings. These seminars are the immediate forums for information dissemination on matters that affect the distributors of the company. The opportunities of the seminars are also used to formally introduce the Kedi MLM business to the prospective distributors of the company and also sharpen the marketing skills of the existing ones. In an overall context, the weekly meetings are used in expanding the knowledge-base of the distributors, on Kedi matters.

In the above regards, our method of data collection was obtrusive. Hence, over the six months period, we occasionally attended the weekly seminars of Service Center 313. Respondent distributors knew us as researchers. Being that the survey research design of the work entailed the measurement of opinions, perceptions and behaviors of respondents; a Likert scale type of questionnaire was designed and utilized in the gathering of information for the study. The questions were divided into two sections. Section A (demographic characteristics) contained only background information such as sex of respondents, marital status and other such information. Section B concentrated on respondents' opinion proper on the research variables.

In some instances, the questionnaire was personally administered by the researchers. On some other occasions, the Operations Manager of Service Center 313 came in handy as research assistant (in the absence of the principal researchers) and facilitated the administration of the questionnaires. A total number of 550 (five hundred and fifty) questionnaires were successfully distributed. The return rate was purposively determined and thereby became 530 (five hundred and thirty) as soon as that number was retrieved.

8. DATA PRESENTATION AND ANALYSIS

In this section of the study, we present the numerical data of the work in tabular format (frequency tables). The data are analyzed on the basis of percentage comparisons.

Table 1. Demographic Characteristics of Respondents.

| Sex of respondents | Frequency | Percentage (%) |
|--------------------|-----------|----------------|
| Male | 110 | 20.75 |
| Female | 420 | 79.25 |
| Total | 530 | 100.00 |

Major Occupation of Respondents

| | | |
|-----------------------|-----|--------|
| Civil Servant | 80 | 15.10 |
| Other Professionals | 130 | 24.52 |
| Artisans | 70 | 13.21 |
| Other occupations | 110 | 20.75 |
| Previously Unemployed | 140 | 26.42 |
| Total | 530 | 100.00 |

Marital Status of Respondents

| | | |
|---------|-----|--------|
| Married | 385 | 72.64 |
| Single | 145 | 27.36 |
| Total | 530 | 100.00 |

Number of Years Respondent has Engaged in Multilevel Marketing

| | | |
|--------------------|-----|--------|
| Less than 1year | 105 | 19.81 |
| 1-5years | 182 | 34.34 |
| 6-10years | 90 | 16.98 |
| 11-15 years | 85 | 16.04 |
| 16 years and above | 68 | 12.83 |
| Total | 530 | 100.00 |

Source: Researchers' Survey 2017

Table 2. The Extent to Which Respondents Agreed that Accounting Refers to the Proper Keeping of Business Records in Order to Determine Profitability and Efficiency

| Response Options | Response Frequency | % of Response to Sample |
|-------------------|--------------------|-------------------------|
| Strongly disagree | 25 | 4.71 |
| Disagree | 40 | 7.55 |
| Undecided | 71 | 13.40 |
| Agree | 190 | 35.85 |
| Strongly agree | 204 | 38.49 |
| Totals | 530 | 100.00 |

Source: Researchers' Survey 2017

Table 3. The Extent to Which Respondents Agreed that the Application of Accounting Principles Would Enhance the Effectiveness of a Network Marketer

| Response Options | Response Frequency | % of Response to Sample |
|-------------------|--------------------|-------------------------|
| Strongly disagree | 115 | 21.70 |
| Disagree | 180 | 33.96 |
| Undecided | 90 | 16.98 |
| Agree | 60 | 11.32 |
| Strongly agree | 85 | 16.04 |
| Totals | 530 | 100.00 |

Source: Researchers' Survey 2017

Table 4. Respondents' Reactions on whether they have Consistently Applied the Principles of Accounting in their Multilevel Marketing Business

| Response Options | Response Frequency | % of Response to Sample |
|-------------------|--------------------|-------------------------|
| Strongly disagree | 122 | 23.02 |
| Disagree | 171 | 32.26 |
| Undecided | 108 | 20.38 |
| Agree | 61 | 11.51 |

| | | |
|----------------|-----|--------|
| Strongly agree | 68 | 12.83 |
| Totals | 530 | 100.00 |

Source: Researchers' Survey 2017

Table 5. Respondents' Reactions on whether they would recommend the Introduction of Accounting Fundamentals to their Usual Weekly Seminars.

| Response Options | Response Frequency | % of Response to Sample |
|-------------------|--------------------|-------------------------|
| Strongly disagree | 182 | 34.34 |
| Disagree | 150 | 28.30 |
| Undecided | 70 | 13.21 |
| Agree | 62 | 11.70 |
| Strongly agree | 66 | 12.45 |
| Totals | 530 | 100.00 |

Source: Researchers' Survey 2017

Table 6. Responses on Whether the Distributors Would Recommend the Teaching of Accounting Principles only During Leaders' Seminars

| Response Options | Response Frequency | % of Response to Sample |
|-------------------|--------------------|-------------------------|
| Strongly disagree | 72 | 13.58 |
| Disagree | 51 | 9.62 |
| Undecided | 45 | 8.50 |
| Agree | 160 | 30.19 |
| Strongly agree | 202 | 38.11 |
| Totals | 530 | 100.00 |

Source: Researchers' Survey 2017

Table 7. The Extent to Which Respondents Agreed that Most Distributors of Service Center 313 do not Keep Records of their Monthly Bonuses

| Response Options | Response Frequency | % of Response to Sample |
|-------------------|--------------------|-------------------------|
| Strongly disagree | 61 | 11.51 |
| Disagree | 74 | 13.96 |
| Undecided | 95 | 17.92 |
| Agree | 184 | 34.72 |
| Strongly agree | 116 | 21.89 |
| Totals | 530 | 100.00 |

Source: Researchers' Survey 2017

9. FINDINGS OF THE STUDY AND DISCUSSION OF FINDINGS

From the above statistics (and their analysis) we now draw the following inferences:

- (i) In the case-study country (Nigeria) there are more women than men in multilevel marketing endeavours. The need for increased income security has accordingly brought more women into this line of business.
- (ii) The country's multilevel marketing distributors come from diverse professional backgrounds, inclusive of previously unemployed nationals. This might have resulted from a pressing need for additional income sources for the country's nationals.
- (iii) There are more married men and women in the network marketing business in the country than single citizens. It is plausible to surmise in this case that the married men and women are more prone to the challenges occasioned by the poverty situation in the country and thereby, arising the need for more income sources for their various families.
- (iv) There are comparatively more new entrants to MLM business in the country than there are long-existing distributors. This is suggestive of pressure induced by the poverty challenge in the country.
- (v) Multilevel marketers in the country of this study are highly familiar with the definition / meaning of accounting. They therefore need to apply such accounting fundamentals in their MLM businesses.
- (vi) MLM distributors in Nigeria are largely aware that the application of accounting principles would enhance the effectiveness of their businesses. MLM could therefore be a means of wealth creation, a good source of residual income and a business targeted at poverty alleviation (satisfaction of physiological needs) but it must also be predicated on the application of some accounting fundamentals.
- (vii) Network marketers in the country have not consistently applied the principles of accounting in their multilevel marketing business. The implications of these

inactions for network sales, growth, and profitability are that over time, the ratios would become retarded. The problem of income insecurity would become accentuated and the poverty challenge heightened.

- (viii) Study's respondents were averse to the introduction of accounting fundamentals into their usual weekly seminars. The empirical import of the study therefore becomes manifest in the regard of emphasizing the need for the introduction of such practices.
- (ix) The MLM practitioners would prefer the teaching of such accounting principles only during leaders' seminars – only their leaders should be availed such knowledge. Why?
- (x) The respondents largely agreed that most distributors of service center 313 do not keep records of their monthly bonuses. This is indicative of poor accounting practices. The budding breed of recession-induced practitioners of multilevel marketing in the Nigerian nation is accordingly not adopting the applicable accounting practices in their business engagements.

10. RECOMMENDATIONS (FOR FURTHER RESEARCH)

As issue of further research we suggest the study of multilevel-marketing profits as a component of household income in Nigeria (any other socio-economic setting). Secondly, we propose a replication of our study with focus on other multilevel marketing companies in our case study country or other environments, in other words, repeating this research effort with a variant population of study.

11. CONCLUSIONS

In line with Abraham Maslow's hierarchy of needs theory therefore it is held in this study that at the level of poverty challenge, all needs are unsatisfied. The physiological needs accordingly become and remain pronounced. It is held in the study that income security in this country is primarily for the satisfaction of the citizen's physiological needs. Citizens that lack food, shelter and clothing (physiological needs) are poor. They require income (income security) to fight poverty and satisfy the occasioning physiological needs. Devoid of the application of accounting fundamentals therefore, the satisfaction of these needs (invariably, the confronting of the poverty challenge) through the mechanism of multilevel marketing is likely to remain unachievable.

Findings of this study therefore lead to the conclusion that the application of accounting principles is critical to effectiveness in multilevel marketing / multilevel distributorship. In the case study country however, this fundamental requirement of such businesses is not being strongly recognized. This of course translates to the possibility of weak linkages between multilevel marketing and income security in the country. It is also indicative of a negative relationship between multilevel marketing and the poverty challenge in this socio-economic setting. Consequently, the result of the study challenges network marketers in Nigeria to consider the application of accounting fundamentals as one of the critical success factors in their business engagements. Such massive business tendencies therefore would invariably

impact positively on income security in the country and furthermore profoundly contribute to reductions in the national poverty challenge.

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