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**FACTORS INFLUENCING INTENTION TO BECOME AVON DEALERS:
A CASE STUDY IN SANDAKAN, SABAH**

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ABSTRACT

This study examines the factors that influence people's decision to become Avon dealers, focusing on Sandakan, Sabah, Malaysia area. The specific objectives of this study are to investigate if alternative source of income, Avon dealer discount on products, compensation plan, management support, product quality and social influence can influence the motivation of an individual in becoming Avon dealer. Therefore, this study undertook a descriptive research using survey method. A questionnaire was developed based on the needs of the study and used to collect data from 200 respondents who were selected based on random sampling. The collected data were analysed with IBM SPSS 23.0 for both descriptive and inferential statistics. The findings of this study showed that alternative source of income, Avon dealer discount on products, compensation plan, management support, product quality and social influence are significant predictor of one's intention to become an Avon dealer. Social influence, product quality and compensation plan are the more significant predictor of intention. However, further study should be conducted to differentiate the effect of these factors between those who have been an agent for a longer time and those newly recruited. This study contributed to an insight on how to develop an effective recruitment plan to encourage more people to become Avon dealers.

Keywords: Direct selling, Avon Company, Alternative income, Dealer discount on product, Compensation plan, Management support, Product quality, Social influence

1.0 Background of the Study

In any economic system, trade is considered its heart and therefore, how it is accomplished is of significant importance (Neatu & Imbrisca, 2016). Direct selling is one of the oldest and most established methods of selling and distributing goods, in existence almost in tandem with the development of civilisations. Direct selling is a method of distribution of consumer goods and services through personal contact between a buyer and a seller(s) away from a fixed business location (Peterson & Wotruba, 1996; Brodie et al., 2002; Grayson, 2007; Wotruba et al., 2005). To be more specific, the sale of product or service takes place face-to-face succeeding a real-time demonstration of its features. It involves home selling situations such as door-to-door solicitations, appointments, referrals and product parties, as well as catalogues and the Internet to disseminate information (Alturas, 2003).

In recent years, people around the world have been using direct selling as a luxury platform to increase their wellbeing, wealth and health (Nuredayu, 2014). Anyone can become a direct seller and it is easy to become a member of a direct selling company. In Malaysia, direct selling is a fast-growing industry as can be seen from Figure 1 which shows the annual growth of the direct selling industry in Malaysia from 2007 to 2011 (Direct Selling Association of Malaysia, 2012). The annual growth of the industry in 2007

was only USD\$1.86 billion but had increased two-fold to USD\$3.32 billion in 2011. Thus, direct selling is a sales and marketing activity that generated popularity in Malaysia.

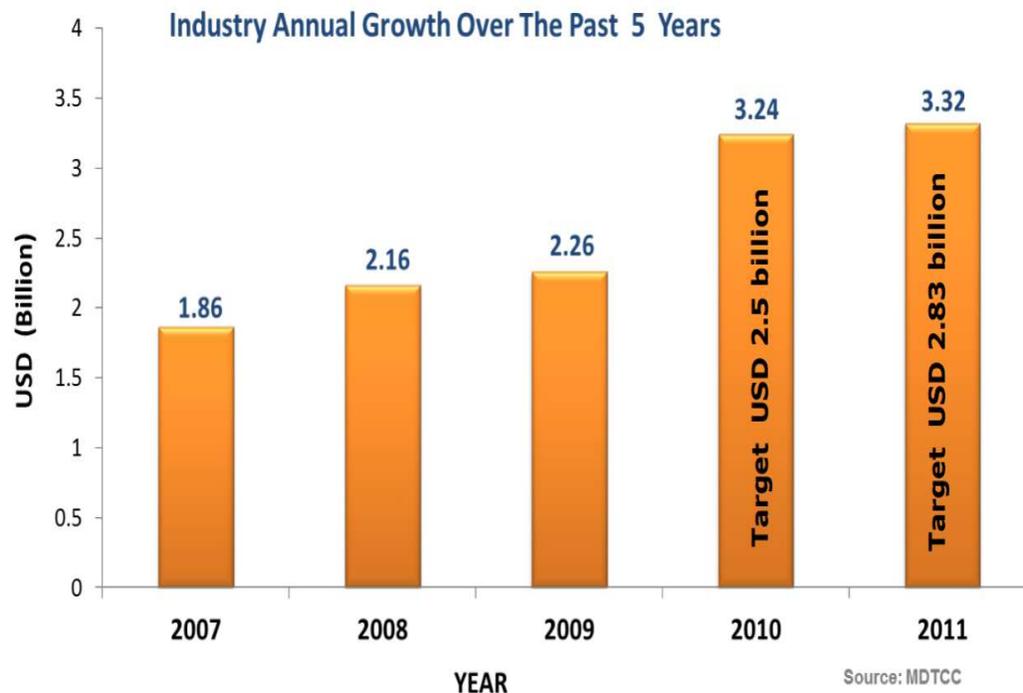


Figure 1.1: The Direct Selling Industry Annual Growth in Malaysia (2007-2011)
Source: Direct Selling Association of Malaysia (2012)

Among the direct selling companies in Malaysia, Avon Company is one of the largest and renowned cosmetic producers in the world, operating in a direct sales system. It was founded by David McConnell, a book seller who was offering samples of perfume with his books and recognized as a pioneer of door-to-door sales. Avon is a global manufacturer and marketer of beauty and related products. Their product categories include Beauty and Fashion & Home. Beauty consists of skin care (includes personal care), fragrance and colour (cosmetics). Fashion & Home has a wide range of fashion jewellery, watches, apparel, footwear, accessories, gift and decorative products, housewares, entertainment and leisure products, children's products and nutritional products (Avon, 2015). Palade (2011) stated that Avon Company is present in over 143 countries with 3.7 million of representatives.

As a growing and strong industry, direct selling in Malaysia is a competitive force providing people with many choices not only to buy products and services but also as agents, dealers, or distributors for the direct selling company. In Malaysia, direct selling, network marketing or multi-level marketing companies such as Amway, Nu Skin, Tupperware, Sunrider, Elken, CNI Enterprise, Cosway, are among the rival for Avon (Ng, 2004). It became an interesting study to determine why people are getting involved in direct selling. Therefore, this study focuses on Avon Company as one of the strong direct selling company in Malaysia.

1.1 Problem Statement

Direct marketing, network marketing and multi-level marketing are thriving businesses in the global and national market. In Malaysia, the direct selling industry has a turnover of US\$4.7 Billion in 2014, and it is

ranked ninth in the global selling markets with a total of 4.3 million salespeople or 14.3% of the population involved in direct selling (World Federation of Direct Selling Association, 2015). Kwang (2014) cited that as of August 1, 2014, there are 443 direct sales licenses issued by the Ministry of Domestic Trade, Co-operatives and Consumerism in Malaysia. Hence, there are many direct selling companies to choose from by people who are interested to join direct selling business. Further to that, attrition rate or drop-out rate of distributors is also very high in this industry (Loke & Ilham, 2015). Hence, it is compelling to know what factors influence and motivate individuals to become dealer in direct selling companies.

In this study, the focus is on Avon Company and the influencing factors that led to dealers' participation in this direct selling business. Avon has been in existence in the market, both globally and locally for many decades. Although it is one of the world's largest direct seller with 6 million representatives in more than 100 countries and renowned as the world's fifth-largest beauty company with a revenue of USD\$10.7 billion in 2012, but the company is also struggling amidst stiff competition from other direct selling companies (Asyikin et al., 2016). Gordreau (2013) stated that over the last five years, the stock had fallen more than 50 percent and net income had also decreased a lot. Therefore, it is imperative to know factors that are still validly contributing to dealers' participation in Avon.

One of the main reasons for people to become interested and join a direct selling company is the possibility of earning extra income or having an alternative source of income. Research showed that financial reward is a motivational factor that encourages people to join multi-level marketing organizations (Crittenden & Crittenden, 2004; Dai et al., 2011). In the local market of Sabah in general, and in Sandakan specifically, there is a wide array of choice of direct selling that one can join in. Avon was one of the main direct selling opportunities that local people in Sandakan consider for their intention to earn extra income. Nevertheless, with the growing number of choices, it raises the question to what extent does the possibility of earning extra income influence people to join Avon as a dealer.

Another reason that may influence people to join in direct selling is the product and service appeal. Koe and Soo (2011) stated that brand appeal is important to sell products and services. However, with the existence of so many products and services competing in the line that Avon is offering, the extra incentives normally attached to the products and services might appeal to increase their participation and affinity to Avon. Crittenden and Crittenden (2004) stated that extra incentives such as lifetime replacement guarantee or full refund during 'cooling off' period are often offered. However, in this study, the focus is on the discounted price offered by direct selling companies such as Avon. A study reported by Silcox (2014) indicated that discounted products is one of the reason they started to launch their direct selling business. Therefore, this study is also keen to determine whether discount on products has a motivating influence towards their intention to become Avon dealer.

Attractive compensation plan has also been regularly linked to people's decision to become a consumer, agent, dealer, distributor or seller of direct selling products and services. Compensation is an extrinsic reward that becomes the 'carrot' that most people want (Armstrong, 2008). DeNisi and Griffins (2008) defines compensation as the set of rewards provided by an organization to give to individuals in return for their willingness to perform various jobs and tasks within the organization. Compensation is one of the key drivers of motivation as people tend to perform better when they get sufficient payment or return from their efforts (Myangi, 2014). Therefore, it is also an important factor that could led to a serious intention to become dealer in direct selling such as provided by Avon.

The determination of influencing factors towards participation of dealers in Avon is important because understanding what motivates people to join direct selling provided by a particular company can ensure effective strategies to use in attracting and retaining people as dealers amidst the stiff competition of the

direct selling industry. Therefore, this study focuses to examine the six influencing factors: alternative source of income, discounts on products and services, compensation plan, management support, product quality and social influence that motivates people to become Avon dealer.

1.2 Research Questions

The research questions are stated as follow:

Can alternative source of income influence the motivation of an individual in becoming Avon dealer?

Can Avon dealer discount on products can influence the motivation of an individual in becoming Avon dealer?

Can compensation plan can influence the motivation of an individual in becoming Avon dealer?

Can management support can influence the motivation of an individual in becoming Avon dealer?

Can product quality can influence the motivation of an individual in becoming Avon dealer?

Can social influence can influence the motivation of an individual in becoming Avon dealer?

1.3 Research Objectives

The specific objectives of this study are:

To investigate if alternative source of income can influence the motivation of an individual in becoming Avon dealer;

To investigate if Avon dealer discount on products can influence the motivation of an individual in becoming Avon dealer;

To investigate if compensation plan can influence the motivation of an individual in becoming Avon dealer.

To investigate if management support can influence the motivation of an individual in becoming Avon dealer.

To investigate if product quality can influence the motivation of an individual in becoming Avon dealer.

To investigate if social influence can influence the motivation of an individual in becoming Avon dealer.

2.0 Literature Review

2.1 Avon Company

The company name 'Avon', was based on a river beside Shakespeare's old home. The company was founded by Mr. McConnell in 1886 (Asyikin et al., 2016). It is one of the world's largest direct seller with 6 million representatives in more than 100 countries. In 2012, it was ranked fifth as the world's largest beauty company based on a US \$10.7 billion revenue. Avon generates about 98 percent of its income from cosmetic products. Its main market targets women with products ranging from skincare, fragrance, cosmetics, toiletries and also, jewellery, watches, home products, candles and toys. The main mode of selling is through direct selling which was proven to be successful in the Asian and Latin America market (Makni, 2012).

2.2 History and Development of Avon Company

The company name 'Avon', was based on a river beside Shakespeare's old home. The company was founded by Mr. David H. McConnell in 1886. He was a bookseller-turned-perfume entrepreneur who forwarded the concept of creating the company for women. In the 19th century, women running her own business was uncommon. But with the concept of direct selling presented through Avon, women were empowered to earn their own income (Avon Malaysia, 2017).

McConnell (1886) made two significant discoveries when he was selling books. He found that women were more interested in the perfume samples than the books. He also noted that women were struggling to make ends meet but among these women, there were natural salespeople who can relate to other women and market his product – perfumes. He started the California Perfume Company and appointed Mrs P. F. E. Albee of New Hampshire as his first recruited. His approach with a familial feel was successful that the representative ranks rose to 5,000 in just 13 years (Avon Malaysia, 2017).

2.3 Avon Malaysia

Avon provides a diversified product range in skin care, men's care, nutrition and health care, colourful cosmetic, charming perfume, body care and hair care (Yen et al., 2008). To become a member and distributor for Avon in Malaysia, an individual only need to purchase a product worth RM15 in a single purchase and pay a recruitment fee of RM5 for a lifetime membership (Avon Malaysia, 2017).

Avon works with the principle of providing credit to its distributors whereby they can collect their orders and pay later. As a distributor, Avon member can earn and sell from the discount given as shown in Figure 2.3. The more being sold will earn greater discounts, up to 45 percent.



Figure 2.1: The Earning from Discounts that Avon Distributor Obtain from Sales

Source: <http://avonbeyourownboss.com/>

By becoming a member of Avon's elite group, the Golden Circle (GC), there are other rewards for the achievement and hard work in terms of exclusive benefits and special offers as shown in Figure 2.4. There are four levels from unit executive to unit manager to senior unit manager to unit director, each with a target sale and the incentives to gain.



Figure 2.2: The Earning from Discounts that Avon Distributor Obtain from Sales

Source: <http://avonbeyourownboss.com/>

2.4 Intention to Participate in Direct Selling

Intention is basically a human behaviour that resulted from a conscious motivation that leads to performing a particular behaviour. Most research studies used the Theory of Planned Behaviour (Ajzen, 1991) as a cognition model to understand intention and behaviour, particularly in purchasing a product. In direct selling, the Theory of Planned Behaviour (TPB) can explain why an individual intent to participate in direct selling and performing the act of becoming an agent or distributor for a direct selling company like Avon.

2.4.1 The Theory of Planned Behaviour

The Theory of Planned Behaviour identifies three factors leading to intention which are: attitude, subjective norm and perceived behavioural control as illustrated in Figure 2.5.

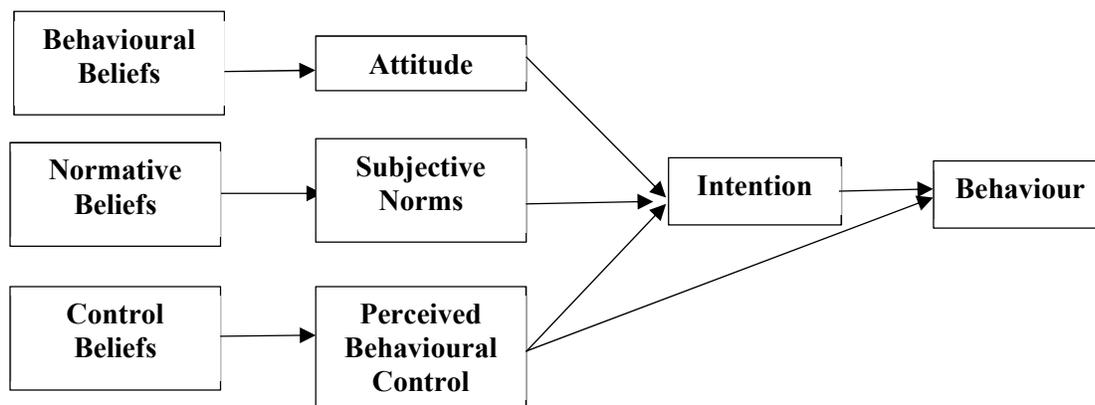


Figure 2.3: The Theory of Planned Behaviour

Source: Ajzen (1991)

Attitude is formed based on the individual's beliefs about the likely outcome of the behaviour (behavioural beliefs) while normative beliefs is the individual's opinion of social pressure or expectations of significant people to the individual on the decision to perform or not to perform the behaviour (normative beliefs). Motivation to comply is the perceived behavioural control leading to both intention and behaviour (Conner & Sparks, 2005). Perceived behavioural control in the non-volitional behaviours which is controlled by factors that may facilitate or inhibit a person to perform a particular behaviour.

In the context of this study, the focus is on the perceived behavioural control which are governed by external factors such as alternative source of income, discounts on products and compensation plan that may motivate or inhibit the individual's intention to consume Avon's product and become its distributor.

The intention to participate in direct selling can also be explained using the concept of motivation. According to Scuden (2012), motivation is the force that compels one to an action. Allan (1996) stated that it is the force that drives individual to do things. Robbins (2003) added to the description of motivation as the processes that explain the individual's intensity, direction and persistence of effort towards achieving a goal. In general, motivation refers to the drives, desires, needs, wishes and other similar forces that instigate or make a person to choose a particular option over others (Maicibi, 2003). To understand the intention to participate in direct selling from a theoretical perspective, the Herzberg's Two-Factor Theory is used (Herzberg, 1959).

2.4.2 Herzberg's Two Factor Theory

Herzberg's theory of motivation is more focused on identifying motivators or factors that motivate employees to work and these motivators result in job satisfaction. In describing and explaining distributors' in selling products for Avon Cosmetic Company, this theory can be applied as people develop the intention to become a distributor based on some factors that compel them to do so. According to Herzberg's theory, motivation factors include challenging/stimulating work, gaining recognition, opportunity for advancement, responsibility, status, sense of personal achievement and personal growth in the job. These factors lead to job satisfaction of the employee, or in the case of this study, the Avon distributors. Another side of the Herzberg theory is the hygiene factors which are factors that prevent job dissatisfaction. These include company policy and administration, feelings of job security, financial remuneration (salary/wages), quality of supervision and the quality of interpersonal relations and working conditions (Chu & Tsui, 2015).

In the context of this study, the highlight is on the hygiene factor of motivation, specifically focusing on financial remuneration, categorized into three factors as alternative source of income, discounts on products and compensation plan, which all subscribed to providing means of financial gain to the distributor.

2.4.3 Factors Influencing Participation in Direct Selling

There are many reasons stated by individuals who participated or join direct selling. Some of the reasons given by people to join MLM are stated as follows (Taylor, 2012):

They are recruited by someone, often by a family member or a friend;

Information on the Internet or learned from other people such as co-workers might interest one to join MLM;

Individuals are attracted to the product which have some health benefits they are looking for such as protection or treatment from illness or aging;

The product offered is very unique and added with benefits that cannot be obtained elsewhere;

Being a direct seller gives the opportunity to become self-employed, working from home and this may appeal to those who are tired with the typical job;
 MLM provides at least some income, particularly for those in unemployment;
 MLM provides an alternative option to owning a business
 The income from MLM can be used to supplement their income, pay off debts, or finance kids' education;
 Some are swayed by the promises of the promoters of the lucrative returns from MLM endeavours.

Luk, Fullgrabe and Li (1999) conducted a study in China and found that individual values are the driving motivation to their intention to join MLM companies. Pratt (2000) studied the effect of alignment of individual factors on intention and retention as distributors in direct selling, Amway. His study used semi-overt participant observation, open-ended interviews and archival data collection. Findings showed that there were some distributors who were ambivalent with the Amway.

In Malaysia, Kiaw & Cyril de Run (2007) found that people join MLM companies for financial benefits as well as for the product quality, credibility and the prospect of enjoying high quality products at discounted price. In Srilekha and Suma Rao (2016) study on 42 distributors of AMWAY in Jamshepur region of Jharkhand State, they surveyed five factors that motivate the respondents to become distributor: alternative source of income, freedom from regular job, distributor's discount on products, ethics of the company, and attractive compensation plan. Their study showed that these factors scored high mean values with ethics of the company (mean = 4.762) and alternative source of income (mean = 4.238) with the main motives for becoming distributors.

In the context of this study, six factors are considered to understand the Avon's distributors to become member and distribute Avon's product to other consumers. These are alternative source of income, discounts on products, compensation plan, management support, product quality and social influence. Further explanation of these six factors are presented below.

a. Alternative Source of Income

Direct selling has become a luxury platform for people all over the world to increase their life wellbeing, health and wealth. Anyone is eligible to become a direct seller provided they have the intention to increase their income, consume or utilize the products sold in direct selling and pay a sum of money to become the direct selling member. There is no professional certificate required to become a direct seller yet it can become the stepping stone for income and career (Nuredayu, 2014). Muhammed Juman and Christopher (2015) added that direct selling promotes micro-entrepreneurship. It not only provides additional income but also imparts transferable skills in sales and management which can be used beyond the direct selling industry.

Crittenden and Crittenden (2004) stated that one of the reasons that attracts people to become part of the direct selling team is the ability to earn commission. The direct selling company normally does not provide a fixed salary as direct sales personnel are considered as distributors and not as employees (Lee & Loi, 2016). However, the distributors are self-employed, independent contractor with the opportunity to earn from product sales (Keep & Nat, 2014). Direct selling using a multi-level marketing approach provides not only earning from product sales but also from successful recruitment of other distributors. Their collective performance based on their product purchase and recruitment generate volume to their network and the volume becomes the unit of bonus calculation the reward system (Lee & Loi, 2016). At the end of the business month, the distributor is paid based on his or her personal volume and the group volume (Keep & Nat, 2014). Therefore, direct selling gives benefits to individuals who wants the opportunity to earn an income and build a business of their own (Ng, 2004). Srilekha and Suma Rao

(2016) explained that MLM companies normally provide incentives such as foreign trips, bonuses, and redemption schemes to attract people to join direct selling.

b. Discount on Products

Avon is popular with the marketing strategy of “low unit price and high circulation” and therefore provides its members with diversified consumption methods and discount. For example, a VIP member has a purchase right of “Use it first and pay it later” whereas VIP and cosmetology representatives can purchase ultra low price of clearing products which means, purchasing products at its cost (Yen et al., 2008). In Malaysia, Avon promotes a very attractive discount package based on sales volume to its members. This can serve as an attraction for the member to sell the product as they purchase the product at a lower price and gain income from the discount as they sell the product to their customers at the retail price. At the same time, they also enjoy buying the product at a much cheaper rate.

c. Compensation Plan

The reward program that encourages salesperson, distributors or agents of direct selling companies to promote and sell its products and services is called the compensation plan. This is basically the commission paid based on sales volume of the distributor as well as those of the people being recruited by the distributor (Loke & Ilham, 2015). Direct selling using MLM approach designs their compensation plan based on two categories: the commission for product sales and referral bonuses (Coughlan & Grayson, 1998). The monthly income of the direct sales agent or distributor is proportionate to his or her performance in selling products and in recruiting new distributors (Keep & Nat, 2014). Most often in direct selling, a distributor is required to maintain a monthly purchase in order to qualify for the commission (Coughlan & Grayson, 1998). In addition, the distributor earns commission from the sales volume by his or her down-line who purchase products to maintain their qualification to obtain commission too. Thus, the distributor is compensated for his or her effort to sell the products of the direct selling company.

There are many types of compensation plan used by direct selling companies to pay commissions for their independent distributors such as stair step breakaway, unilevel, hybrid unilevel matrix and binary (Baberner, 2000). In past studies, Lee and Loi (2016) commented that the compensation plan provided by the direct selling company, particularly the MLM companies are quite complex. Financial rewards from such compensation plan might serve as a motivation for individuals to participate in direct selling (Crittenden & Crittenden, 2004; Dai et al., 2011; MsWell & Sargeant, 2001) but it is not enough to attract individuals to take up direct selling (Crittenden & Crittenden, 2004; Lee & Loi, 2016).

In fact, Koe and Soo (2011) found in their study that the reward scheme provided by MLM is not enough to attract youths to become direct selling distributors. The difficulty in determining the profitability of the complex compensation plan might be a factor to explain this attitude (Lee & Loi, 2016). According to Teau (2013), the best sales compensation program is one that is fair, motivating and able to attain the goal of the company. If the goal is unrealistic or there is an unrealistic ceiling on earning power, this will create discord in the ranks of the top salespeople. Therefore, compensation plan can be rewarding and motivating but it can also have a negative impact that causes sales to decrease.

d. Management Support

In the context of MLM, management support is perceived as upline support whereby the distributor recruits another distributor to join the business. Good relationships among each other can promote network and enable the individual and group to attain goals (Lee, Lau & Loi, 2016). In direct selling, the upline responsibility is taken over in part by the stockist or other distributors who may influence new clients to join the Avon sales team. Support from these people could lead to more interest to become Avon's sales agent.

e. Product Quality

Direct selling means that the products sold to the consumer have bypassed the wholesaler, the distributor and advertiser (Kong, 2001). The shortened supply chain resulted in a reduction of the cost of the product. Therefore, distributors earn from the products he purchased and at the same time serves to become promoter of the products to others. The products and service of a company represent the corporate identity and reputation (Osei et al., 2014). A product perceived positively by the consumer with information gathered from trusted sources will become products which is value for money (Joshi, 2014). Therefore, the characteristics of the product, the image of the company, the distributor's knowledge of the product can contribute towards promoting the interest to become part of the sales agent team.

f. Social Influence

Reference group is a major determinant that can influence intention and behaviour of an individual. Consumers have become more educated and sophisticated that they normally prefer the opinions of experts and those with experience using a particular product or join a particular direct selling company before they make their own decision (Chen, Wang & Cheng, 2010). In the Theory of Planned Behaviour, social influence refers to subjective norms. According to Yau and Ho (2015), subjective norm is about one's perception that most people that are considered to be important to him think that he should or should not perform the stated behavior. Therefore, social influence which may include family, friends, experts of direct selling or those with long term experience with direct selling can influence one's behaviour to participate in direct selling or not.

3.0 Research Methodology

3.1 Research Framework

The research framework of this study identifies six independent variables which are factors to motivate individuals to become Avon's distributors while there is one dependent variable that is affected by the six factors – intention to join Avon as an agent or distributor. Figure 3.1 illustrates the relationships of these variables.

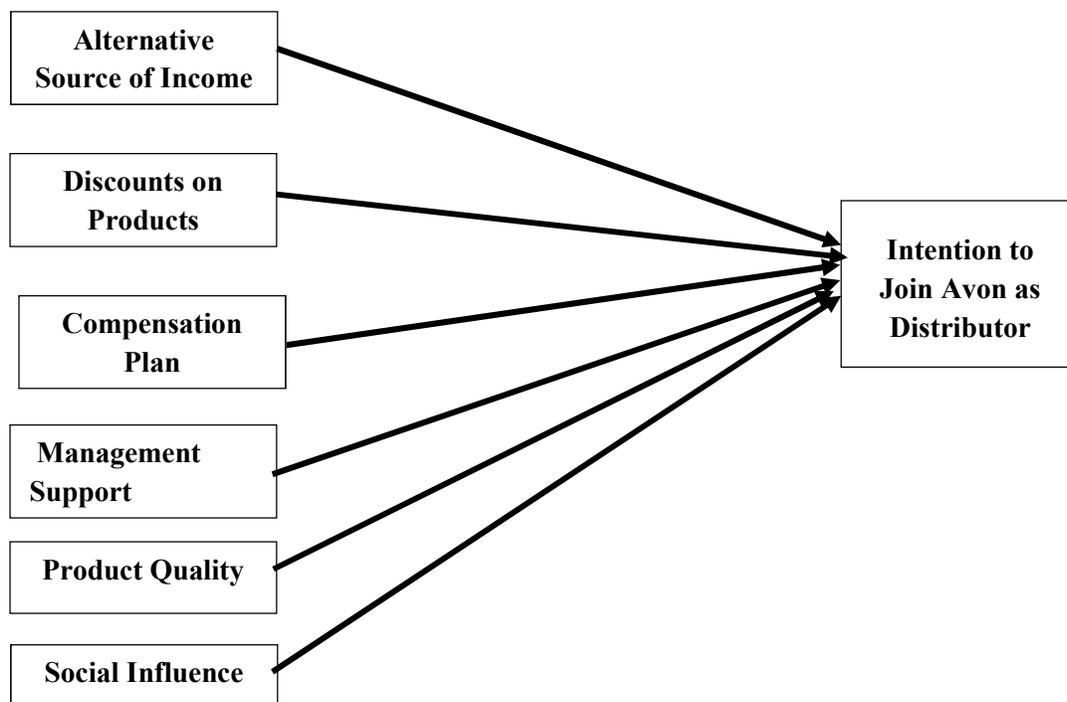


Figure 3.1: The Research Framework

Source: Adapted and modified from Srilekha and Suma Rao (2016), Ng (2004), Lee et al. (2016) and Chen et al. (2010)

3.2 Research Hypotheses

The research hypotheses for this study are as follow:

Ha1: Alternative source of income can influence the motivation of an individual to become an Avon dealer

Ha2: Avon dealer discount on products can influence the motivation of an individual to become an Avon dealer

Ha3: Compensation plan can influence the motivation of an individual to become an Avon dealer

Ha4: Management support can influence the motivation of an individual to become an Avon dealer

Ha5: Product quality can influence the motivation of an individual to become an Avon dealer

Ha6: Social influence can influence the motivation of an individual to become an Avon dealer

3.3 Research Design

Robson (2002) explained that a research design is the overall plan that specifies the actual framework of the study by giving details on the processes that need to be followed when implementing the study. In other words, the research design serves as a blueprint to show how the research methodology can be carried out. In this study, a quantitative and descriptive research design is used. Sekaran and Bougie (2010) explained that a quantitative research uses a statistical measure based on a survey finding from questionnaires that can describe the phenomena being studied. In this study, the point of interest is on dealers' motivational factors to participate in Avon as a direct seller by describing this phenomenon based on three factors: alternative source of income, discounts on products and compensation plan. The research instrument of this study is a self-constructed questionnaire that was adapted from Srilekha and Suma Rao (2016), Ng (2004), Lee et al. (2016) and Chen et al. (2010) studies. The questionnaire

comprises of eight sections as described in Table 3.1. Overall, the questionnaire comprises of 33 items with 5 items in Section A (Personal Details), and four items each in Section B (Alternative Source of Income), Section C (Discounts on Products), Section D (Compensation Plan), Section E (Management Support), Section F (Product Quality), Section G (Social Influence) and Section H (Intention to become Avon Dealer). In Section A, the items consist of multiple choice answers whereas for Section B to Section H, the items are 5-point Likert scales starting with “1” as “strongly disagree” and “5” as “strongly agree”.

Table 3.1: The Research Questionnaire

Section	No. of Items	Description
Section A (Personal Details)	5	Describes the gender, age, academic qualification, work status and length of time as Avon dealer
Section B (Alternative Source of Income)	4	Comprises of information about: Potential of Avon sales to generate additional income Potential of Avon other incentives and rewards to provide income Potential of Avon to support financial commitment Potential of Avon to become a steady source of income
Section C (Discounts on Products)	4	Comprises of information about: Attractiveness of the discount given Availability of discount on frequent time Ease of getting the discount for personal sales Ease of getting the discount for group sales
Section D (Compensation Plan)	4	Comprises of information about: Attractiveness of the compensation plan Ease of reaching the target level to obtain the rewards Ease of recruiting new members based on the compensation plan Ease of getting the compensation on time
Section E (Management Support)	4	Comprises of information about: The support provided by stockist The support provided by other senior agents The support from head office The support from each other
Section F (Product Quality)	4	Comprises of information about: Perception of the product functional effectiveness Perception of the corporate image Perception from word-of-mouth Availability of product information
Section G (Social Influence)	4	Comprises of information about: Positive influence from family members Positive influence from close friends Positive influence from experts in direct selling Positive influence from experienced Avon members
Section H (Intention to become Avon dealer)	4	Comprises of information about: Intention to become Avon dealer for a longer time Preference to become Avon dealer over other competing direct selling companies Intention to recruit more people to become Avon dealer Intention to become a more prominent sales agent in Avon

3.4 Data Collection

Empirical data for this study was collected within a four-week period by placing the questionnaire at the Avon's stockist outlet in Sandakan Town. Dealers who came to purchase Avon products at this outlet are approached to become respondents in this study. Other questionnaires were distributed to active Avon leaders among these dealers and asked them to give the questionnaire to other agents. The questionnaire was returned to the researcher or sent to the Avon stockist outlet to be collected by the researcher after the four-week period is over.

3.5 Sampling

Sekaran and Bougie (2010) explained the sampling design process as the determination of the number of samples and the identification of a sample representation of a defined population. A population may refer to any sets of persons or subjects having the same observable characteristics (Kumar, Abdul Talib, & Ramayah, 2013). Hence, in this study, the population is defined as dealers of Avon who have signed up as members of Avon for a period of at least three months and actively selling Avon products to consumers in Sandakan, Sabah. It is estimated that the total number of population is about 400. The sample of the population is drawn using purposive sampling which is a sampling based on a selection of the respondents from the list of population of active dealers based on a set of criteria (Hancock & Mueller, 2010). The sample size targeted for this study is 200 which targets dealers who come to purchase Avon products from several Avon stockist outlets in Sandakan Town. According to Krejcie and Morgan (1970), for a population of 400, the adequate sample size is 196. Therefore, deciding on a sample size of 200 for this study is deemed adequate to represent the population.

4.0 Result

4.1 Demographic Profile

The profile of respondents based on gender shows that majority of the respondents are female with 169 or 84.5% compared to only 31 male respondents or 15.5%. as a beauty and cosmetic care direct selling, Avon attracts more females than males to become Avon dealer. The profile of respondents based on age range reveals that majority of the respondent are between the age of 36 and 55 years with 73 respondents or 36.5% followed by those between 25 and 35 years old with 67 respondents or 33.5%. There are 32 respondents or 16.5% below the age of 25 years old while 28 respondents or 14.0% are above 55 years old. This implies that Avon is a direct selling business that involves anyone at any age level. The profile of respondents based on higher academic qualification shows that majority of the respondents only attained SPM or below with 120 respondents or 60% compared with 50 respondents or 25% with STPM or diploma and 30 respondents or 15% with Bachelor degree. It suggests that Avon is a direct selling that appeals to respondents with lower qualification level. The profile of respondents based on work status shows that 87 respondents or 43.5% currently work permanently or self-employed while 85 respondents or 42.5% are housewives. A total of 4 respondents or 2.0% are each unemployed and looking for a job, or no longer working. There were 10 respondents or 5.0% who are still students while 10 respondents or 5.0% stated their work status as "others". The profile of respondents based on length of time as Avon dealer, with 84 of them or 42.0% have been an Avon dealer for more than 6 years while 54 respondents or 27.0% have just become an Avon dealer for about 3 to 6 months. There were 10 respondents or 5.0% who have been an Avon dealer for 7 to 12 months, 36 respondents or 18.0% for 1 to 3 years and 16 respondents or 8.0% for 3 to 6 years. Therefore, Avon has long term dealers and still attracting new dealers.

4.2 Statistical Analyses

4.2.1 Descriptive Analyses

Table 4.1: Summary of Influencing Factors

Influencing Factors	Mean	Standard Deviation	Level
Alternative Source of Income	3.920	0.617	High
Product Discounts	3.690	0603	High
Compensation Plan	3.854	0.542	High
Management Support	3.935	0.559	High
Product Quality	3.924	0.592	High
Social Influence	3.840	0.629	High

The intention to become an Avon dealer was determined based on four items, to which, the responses from the respondents in this study is presented in Table 4.1. The result showed that each item is perceived highly by the respondents. It is shown that the respondents intend to become Avon dealer for a longer period of time (mean = 3.880), prefer as Avon dealer than other direct selling companies (mean = 3.990), intent to recruit new people (mean = 3.905) and intend to become a more successful Avon dealer (mean = 3.895). Overall, the respondents perceived the intention to become Avon dealer highly (mean = 3.918).

4.2.2 Reliability Test

The internal consistency of the actual data was determined using the reliability test with Cronbach's Alpha. Table 4.10 presents the result that all the Alpha Cronbach coefficients are more than 0.700, therefore indicating that there is good and acceptable internal consistency.

Table 4.2: Reliability Test of the Actual Study

Section	No. of Items	Alpha Cronbach Coefficient	Reliability
Section B (Alternative Source of Income)	4	0.909	Acceptable, High
Section C (Discounts on Products)	4	0.798	Acceptable, High
Section D (Compensation Plan)	4	0.806	Acceptable, High
Section E (Management Support)	4	0.820	Acceptable, High
Section F (Product Quality)	4	0.848	Acceptable, High
Section G (Social Influence)	4	0.810	Acceptable, High
Section H (Intention to become Avon dealer)	4	0.762	Acceptable, High
Overall Scale	28	0.949	Acceptable, High

4.2.3 Correlational Analysis

Table 4.3 presents the correlational analysis of the six influencing factors with intention to become Avon dealer. The result shows that all six factors were significantly correlated to intention to become Avon dealer. However, the correlation between alternative source of income ($r = 0.487$, $p = 0.000$), discounts on products ($r = 0.517$, $p = 0.000$), compensation plan ($r = 0.538$, $p = 0.000$), and management support ($r = 0.523$, $p = 0.000$) with intention to become Avon dealer was moderate. The correlation between product quality ($r = 0.653$, $p = 0.000$) and social influence ($r = 0.746$, $p = 0.000$) were strong. Thus, it concludes that these two factors correlate more with intention to become Avon dealer compared to other factors. The lowest correlation is between alternative source of income and discount on products with intention to become Avon dealer.

Table 4.3: Correlational Analysis Result

Correlation of Intention to become Avon Dealer with	Pearson Correlation Coefficient (r)	Sig. (2-tailed) (p)	Conclusion
Alternative Source of Income	0.487**	0.000	Significant, moderate
Discount on Products	0.517**	0.000	Significant, moderate
Compensation Plan	0.538**	0.000	Significant, moderate
Management Support	0.523**	0.000	Significant, moderate
Product Quality	0.653**	0.000	Significant, strong
Social Influence	0.746**	0.000	Significant, strong

4.2.4 Multiple Regression Analyses

Six influencing factors: alternative source of income, discounts on products, compensation plan, management support, product quality, and social influence were analysed with multiple regression analysis to determine their influence on intention to become Avon dealer.

Table 4.4 presents the result of the analysis. It is shown that four factors which are: alternative source of income ($t = 0.215$, Sig. = 0.883), discounts on products ($t = 1.186$, Sig. = 0.237), compensation plan ($t = 0.650$, Sig. = 0.517), and management support ($t = -0.337$, Sig. = 0.737) were not significant predictors of intention to become Avon dealer. The effect of the other two factors: product quality ($t = 3.152$, Sig. = 0.002) and social influence ($t = 7.818$, Sig. = 0.000) was significant on intention to become Avon dealer. Therefore, this concludes that four research hypotheses, H1, H2, H3 and H4 were rejected while H5 and H6 were accepted. The combined effects of all these factors could explain 60.2% of variance in the intention to become Avon dealer.

Table 4.4: Multiple Regression Analysis for Research Hypotheses

Hypothesis	Model	B	Std. Error	Beta	t	Sig.	R	R ²
	Constant	0.781	0.215		3.640	0.000		
H1	ASI	0.013	0.060	0.014	0.215	0.883		
H2	DP	0.070	0.059	0.073	1.186	0.237	0.776	0.602
H3	CP	0.048	0.075	0.046	0.650	0.517		
H4	MS	-0.025	0.074	-0.024	-0.337	0.737		
H5	PQ	0.232	0.073	0.239	3.152	0.002		
H6	SI	0.477	0.061	0.523	7.818	0.000		

* ASI – Alternative Source of Income; DP – Discounts on Products; CP – Compensation Plan; MS – Management Support; PQ – Product Quality; SI – Social Influence.

5.0 Discussion

The discussion on the research findings are guided by these research questions which were posed initially in the first chapter.

Can alternative source of income influence the motivation of an individual in becoming Avon dealer?

Can Avon dealer discount on products can influence the motivation of an individual in becoming Avon dealer?

Can compensation plan can influence the motivation of an individual in becoming Avon dealer?

Can management support can influence the motivation of an individual in becoming Avon dealer?

Can product quality can influence the motivation of an individual in becoming Avon dealer?

Can social influence can influence the motivation of an individual in becoming Avon dealer?

This empirical study indicated a very interesting result that identifies the roles of alternative source of income, discounts on products, compensation plan, management support, product quality and social influence to determine one's intention to become an Avon dealer. Much was stated in the literature that these factors contributed significantly towards intention to participate in a business venture such as becoming an Avon dealer. As stated by various researchers, involvement in a direct selling business such as Avon can provide entrepreneurial means that leads to additional income (Crittenden & Crittenden, 2004; Keep & Nat, 2014; Lee & Loi, 2016; Muhammed Juman & Christopher, 2015; Ng, 2004; Nuredayu, 2014; Srilekha & Suma Rao, 2016). In this study, Avon as an alternative source of income is significantly and moderately correlated but not a significant predictor of one's attention to become a dealer. In fact, this study showed that alternative source of income influences intention to become an Avon dealer has the least correlation with intention to become an Avon dealer.

Past literature has also indicated the importance of discounts on products to sway people to become a direct selling agent (Yen et al., 2008). In this study, discounts on products does not significantly predict one's intention to become an Avon dealer. However, the correlation between discounts on products and intention to become Avon dealer is significant but moderate. The respondents stated that the discounts were attractive and able to generate group sales but they were not available all the time and not so helpful to raise personal sales.

In this study, compensation plan was rated as the third most important factor to influence one's intention to become an Avon dealer. However, the contribution to explain variance in intention to become Avon dealer is not significant. Nonetheless, this study supports the general notion that people regards compensation plan as a reason for them to be involved in direct selling (Crittenden & Crittenden, 2004; Dai et al., 2011; Keep & Nat, 2014; Loke & Ilham, 2015) as there is still a significant correlation between

compensation plan and intention to become an Avon dealer. Its complexity might contribute to its inability to attract individuals to join direct selling (Crittenden & Crittenden, 2004; Koe & Soo, 2011; Lee & Loi, 2016).

Management support is also an important predictor of intention in direct selling (Lee et al., 2016) but this study does not support this notion. Management support needs to come from various sources of the direct selling hierarchy such as the stockists, the senior sales agents, head office as well as other agents. This study showed that management support in Avon is good but competitive nature might drive agents not to be supportive of other members as this item was perceived moderately by respondents in this study.

Additionally, product quality is an important predictor of intention. Avon has a good reputation and strong image of safe and reliable cosmetic and beauty care products. Therefore, individuals continue to be loyal as Avon members and new recruits can still be attracted to join Avon despite the availability of many direct selling companies in the market. Strong corporate image, its ability to provide solutions to clients, favourable word-of-mouth and access to information can uplift the product quality to gain and retain consumers and buyers (Joshi, 2014; Kong, 2001; Osei et al., 2014). In this study, product quality is a significant predictor of intention to become Avon dealer and it shows a significant correlation, thus indicating its contribution towards one's intention to become an Avon dealer.

Likewise, social influence is a very important predictor of intention to become Avon dealer. As found in this study, social influence has the greatest contribution to explain variance in individual's intention to become Avon dealer. Decisions are easily swayed towards a positive commitment of intention when there is social influence from families, friends, colleagues, experts and experienced people (Chen et al., 2010; Taylor, 2012).

The findings in this study implied that alternative source of income, discounts on products, compensation plan, management support, product quality and social influence contributed 60.2% to explain one's intention to become an Avon dealer. This study also identifies that two of the most important factors are product quality and social influence. Therefore, from a theoretical perspective, the Herzberg two-factor theory indicated that alternative source of income, discounts on products, compensation plan and management support belong to the hygiene factors which prevent dissatisfaction (Chu & Tsui, 2015). Therefore, it is not as strong as product quality and social influence which is the motivation factor that drive one's intention more prominently towards a particular behaviour. Further to that, based on the theory of planned behaviour (Ajzen, 1991), product quality drives behavioural beliefs that the products provide good benefits to the user, thus leading to a positive attitude about the product. Also, social influence is considered part of the subjective norms which is driven by normative beliefs to influence intention.

From a practical perspective, this study implied that one would be more successful in recruiting new members for Avon by focusing on product quality and its compensation plan rather than stressing on alternative income source, management support and product discounts. People are more inclined to become Avon member if the product quality and its compensation plan are presented to them than other aspects of the direct selling. Other than that, approaching new recruiters based on social influence could also win them.

This study was able to provide sufficient and reliable data to determine the influencing factors towards intention to become Avon dealer. The use of simple regression analysis was able to determine the individual effect and contribution towards intention. Therefore, it gives a good insight on how these factors can be compared with one another, and to determine which factors need to be emphasized.

6.0 Conclusion

It is concluded that alternative source of income, discounts on products, compensation plan, management support, product quality and social influence are perceived highly by Avon dealers and these factors correlate significantly to their intention as Avon dealer. However, social influence and product quality are found to be more prominent to explain one's intention to become an Avon dealer. Therefore, as an overall conclusion, this study indicated that intention to become an Avon dealer can be influenced mostly by social influence and product quality but alternative source of income, discounts on products, compensation plan and management support are also contributing some effect on the intention to become Avon dealer.

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