An Extension of the Model of Network Marketing Business Entrepreneurial Performance

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Abstract

This study extends a path model that examines the factors explaining why 227 Chinese immigrants participate in network marketing (NM) business in Australia. Our analysis shows that the social environment within NM organizations positively leads to the development of immigrants’ self-efficacy in NM business, their desire for opportunities, social competence, and human capital. These factors have led to an increase in the activities undertaken by Chinese immigrants in conducting their network marketing business. Social environment also impacts positively on their motivation to participate in NM business. These factors have a positive impact on their financial performance outcome. Our findings contribute to the literatures on Social Cognitive Theory, Theory of Planned Behavior, entrepreneurial intention, and ethnic entrepreneurship.

Key words: network marketing business, social cognitive theory, ethnic entrepreneurship, Chinese immigrants, motivation, social competence, human capital

Network marketing, also known as direct selling or multilevel marketing, is a system in which a manufacturer pays people outside the company to sell its products and services directly to consumers (Harris, 2004). In return, each salesperson is given the opportunity to build his or her own network marketing organization (NMO) by recruiting, training and motivating others to sell the same products and services (Vander Nat and Keep, 2002; Harris, 2004). NMO has slowly started attracting researchers’ attention in the past ten years (Bhattacharya and Mehta, 2000; Pratt, 2000; Sparks and Schenk 2001, 2006, Lin, 2007), in spite of the fact that this type of business organization has existed for over 50 years (Biggart, 1989) and has become one of the most successful types of organizations in business (Sparks and Schenk, 2001, 2006).

The authors of the current paper (Authors, forthcoming) developed a model of NM business entrepreneurial action to explain the actions undertaken by Chinese immigrants in conducting NM
business in a Western host country context. However, they had not taken into consideration the dynamic nature of the network marketers’ motivation and skills in enhancing their financial performance in NM business. The current paper aims to extend our model of NM business entrepreneurial action (Authors, forthcoming). We will also redefine the motivation of Chinese network marketers in conducting NM business and incorporate additional variables, such as the desire for opportunity from NM business, human capital and financial performance outcome. The expanded model is constructed with Social Cognitive Theory (SCT, Bandura, 1986, 1997, 2001), Theory of Planned Behavior (TPB, Ajzen, 1991, 2001), entrepreneurial intention (Krueger, 1993), and ethnic entrepreneurship (Chaganti and Greene, 2002). Following this introductory section, we will provide a review of the literature. This is followed by an outline of our research design. The findings are then presented, followed by a discussion on the theoretical and practical implications for the management of Chinese immigrant network marketers.

**Literature Review and Hypotheses Development**

NMOs are based on one or both of two substantive values: a belief in entrepreneurialism and a belief in the transformative power of products (Biggart, 1989) to attract newcomers to the business. They claim themselves as a way for the “ordinary” person to attain wealth and status without such barriers to entry as an Ivy League education, high social position, or significant inheritance (Kuntze, 2001). According to Biggart (1989), NMOs open their doors to everyone who wants to try. Due to no entrance criteria for people to get into NMOs (Biggart, 1989), many network marketers had no experiences in selling products or services before their participation in NMOs (Authors, forthcoming).

Network marketers are independent contractors or small business owners, who are responsible for their own profits and costs (Sparks and Schenk, 2001, 2006). Inexperienced network marketers may face huge challenges when they conduct their businesses by themselves in the field (Parks and Schenk, 2001). If a group of inexperienced network marketers work together and share their experiences and resources with each other, they may be able to overcome these challenges (Authors, forthcoming). Therefore the main strategy utilized by NMOs is to create an attractive environment where network marketers work together cohesively, the competition is not encouraged (Bhattacharya and Mehta, 2000; Pratt, 2000).
Authors (forthcoming) summarized NMO social environment as possessing three characteristics: cohesion, peer support/influence, and training. According to these characteristics, we predict that (i) the social environment of NMO positively affects a network marketer’s self-efficacy in conducting the business, network marketer’s desire for opportunity from NM business and the motivation to conduct NM business; (ii) social environment of NMO positively affects network marketers’ social competence and human capital; and (iii) NM specific self-efficacy, desire for opportunity from NM business, social competence and human capital positively affect NM business entrepreneurial action, which in turn, positively affects financial performance.

Review of the literature shows pursuing entrepreneurship is an important activity for network marketers (Sparks and Schenk, 2001, 2006; Authors, forthcoming). Some authors have investigated the influence of environment on the decision to pursue entrepreneurial opportunities (Korunka et al., 2003; Taormina and Lao, 2007). Entrepreneurship requires decision and action (McMullen and Shepherd, 2006). Entrepreneurial action is affected by the amount of uncertainty, the willingness to bear uncertainty, and judgment (McMullen and Shepherd, 2006). SCT suggests that people’s entrepreneurial judgments are not objectively rational (Bandura, 1986); they rely on their belief in their own efficacy, which influences the course of action that people choose to pursue (Bandura, 1997). The important sources for people to obtain self-efficacy include the influence of the environment and the training (Bandura, 1997). Authors (forthcoming) argue that the social environment of NMO positively influences the self-efficacy of marketers in undertaking NM business, as organized activities provide immigrant network marketers with a venue to socialize with others from their home country/community. In this social environment, immigrant network marketers can meet with others who are successful performers within the business. This allows them to enhance their self-efficacy (Bandura, 1986).

However, self-efficacy is not sufficient to retain Chinese immigrants in NM business, if they do not have the desire for this opportunity (Ajzen, 1991; Krueger, 1993). The desire for profitable opportunities is an important trait of the entrepreneur (Shane and Venkataraman, 2000; McMullen and Shepherd, 2006). It is influenced by the group norm through adding social pressure to act so as to achieve
an outcome (Sekerka and Bagozzi, 2007). Based on the SCT (Bandura, 1986) and empirical support for the impact of the social environment on the desire for opportunity in the literature (Messick and Thorngate, 1967; Malhotra, 2010), we argue that Chinese network marketers’ desire for entrepreneurial opportunity is affected positively by the social environment of NMO.

_Hypothesis 1: The influence of social environment is positively associated with Chinese immigrant network marketers’ self-efficacy in conducting their business._

_Hypothesis 2: The influence of social environment is positively associated with Chinese immigrant network marketers’ desire for pursuing opportunities from NM business._

The TPB (Ajzen, 1991) and the literature on entrepreneurial intention (Krueger, 1993) suggest that entrepreneurial intention is determined by both self-efficacy and desire to pursue entrepreneurship. If an individual only has self-efficacy or desire for entrepreneurial opportunity, he/she will not develop the intention to pursue entrepreneurship (Krueger, 1993). To achieve financial results, entrepreneurial actions must be taken (McMullen and Shepherd, 2006). Entrepreneurial intention is the single best predictor of entrepreneurial action (Choo and Wong, 2006). Thus we hypothesize that:

_Hypothesis 3: There is a positive relationship between Chinese immigrant network marketers’ self-efficacy and network marketing activities undertaken._

_Hypothesis 4: There is a positive relationship between Chinese immigrants’ desire for entrepreneurial opportunity and network marketing activities undertaken._

Social competence is one of the important business capabilities for network marketers (Hayton and Kelley, 2006), as it provides network marketers with the ability to communicate and cooperate with others (Kauffeld, 2006). Researchers assert that social competence can be learned (Hoehn-Weiss, Brush and Baron, 2004). There is empirical support for the creation of a learning environment by NMO for network marketers to learn the required skills (Authors, forthcoming). It is this learning environment and the socialization aspects of the organized training activities which impact positively on the social competence of network marketers (Authors, forthcoming).
Hypothesis 5: There is a positive relationship between social environment and the social competence of Chinese immigrant network marketers.

The literature has shown that social competence is positively related to business performance (Porath and Bateman, 2006). Business performance relies on actions taken in conducting business activities (McMullen and Shepherd, 2006). The main activities in NM business are selling products, recruiting new network marketers and supporting and training them to do the same things (Biggart, 1989; Sparks and Schenk, 2001, 2006), which involve numerous interactions between network marketers and their prospects. Effectiveness in interacting with others is the mark of social competence (Baron and Markman, 2003). Thus, we hypothesize that:

Hypothesis 6: There is a positive relationship between network marketers’ social competence and the number of NM related activities they will undertake.

The SCT suggests that social reactions are the predictors of primary consequences; people will do things for the approval of others and refrain from actions that arouse the wrath of others (Bandura, 1986). We argue that. Authors (forthcoming) showed that the social environment of NMO has positively affected the motivation of network marketers in conducting their NM business. Motivation of network marketers has been defined narrowly to include only extrinsic factors (Authors, forthcoming). Kuntze (2001) and Bhattacharya and Mehta (2000) argued that the motivation of network marketers includes both extrinsic and intrinsic factors. Hence, we hypothesize that:

Hypothesis 7: There is a positive relationship between social environment and Chinese immigrant network marketers’ motivations in conducting their NM business.

According to SCT, people evoke different reactions from their social environment simply by their physical characteristics, such as their age, size, race, sex, and physical attractiveness (Bandura, 1986). Chinese immigrants are more likely to respond to NMO’s entrepreneurship promotions to pursue entrepreneurship (Authors, forthcoming). The most important construct for entrepreneurial traits is the need for achievement (Zhao and Seibert, 2006). The result of their study provided empirical support for the positive relationship between achievement motivation and entrepreneurial activities. They concluded
that the higher level of motivation an individual has, the more s/he will desire entrepreneurial opportunity. Thus, we hypothesize that:

*Hypothesis 8:* There is a positive relationship between Chinese immigrant network marketers’ motivation and their desire for opportunity.

Bandura (1986) asserts that people select a course of action within their perceived capabilities (Bandura, 1986). Individuals’ motivation level is based on what they believe rather than on what is objectively true (Bandura, 1997). This statement is supported by empirical studies (Carlson et al., 2000; Tai, 2006). Carlson et al.’s (2000) study shows that there is a positive relationship between self-efficacy and motivation to attain achievement. The result in Carlson et al.’s (2000) is supported by Tai’s (2006) empirical study. Thus, we hypothesize that:

*Hypothesis 9:* There is a positive relationship between motivation in conducting NM business and NM business-specific self-efficacy.

One of the important objectives for entrepreneurial activities is to pursue profit (Sadler-Smith et al. 2003). To make a profit, entrepreneurial actions must be taken (McMullen and Shepherd, 2006). Entrepreneurial actions remain at the core of how an entrepreneur stretches to reach his/her objective and improve performance (Kuratko et al., 2001). To make a profit from NM business, network marketing activities must be undertaken (McMullen and Shepherd, 2006), including selling products, recruiting new network marketers and providing support/training (Biggart, 1989; Sparks and Schenck, 2001, 2006).

*Hypothesis 10:* There is a positive relationship between network marketing activities undertaken and the financial performance outcome.

As mentioned above, NMO uses training as an aspect of influencing network marketers to engage with the organization and with others. This has been claimed to be a key characteristic of NMO (Authors, forthcoming). Training is an important part of the environment of social influence within MNO. Empirical evidence shows that training is positively related to human capital (Paloniemi, 2006; Eikebrokk and Olsen, 2009). Thus, we hypothesize that:
**Hypothesis 11:** There is a positive relationship between social environment and human capital of Chinese immigrant network marketers.

The empirical evidence provided by Authors (forthcoming) suggests that NMO social environment is positively related to self-efficacy. They found that as Chinese immigrant network marketers possess a higher level of self-efficacy, then, they will stay longer with the network marketing business; resulting in a positive accumulation of experience in network business. This finding is consistent with the SCT (Bandura, 1986). Thus, we hypothesize that:

**Hypothesis 12:** There is a positive relationship between the human capital of Chinese immigrant network marketers and network marketing activities undertaken.

Human capital theory suggests that experience is a valuable asset in enhancing organisational productivity and economic value (Shrader and Siegel, 2007). Eikebrokk and Olsen (2009) and Paloniemi (2006) have shown that training can result in improved level of skills and competencies (aspects of human capital), which resulted in entrepreneurial performance (Hitt, et al., 2006). Therefore, we expect the presence of human capital to impact positively on the financial performance of network marketers.

**Hypothesis 13:** There is a positive relationship between the human capital of Chinese immigrant network marketers and the financial performance outcome.

Based on the above hypotheses, we propose the following path model:

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**Method**

Prior to sending the questionnaire for the survey, four focus group interviews were conducted, each focus group composing six to eight Chinese network marketers. In addition, a pilot study was conducted to validate the questionnaire items. Exploratory factor analysis was performed. Confirmatory factor analysis was conducted with AMOS 17. The results are presented in Appendix 1, which show that these measures are valid and the data fit the measurement models.
Data collection was composed of two parts: (i) subjective data; and (ii) objective performance data. Data were collected at various training venues for Chinese immigrant network marketers in New South Wales, Victoria and Queensland. With the permission of a direct selling firm and institutional ethics clearance, we matched the data with objective performance data provided by the direct selling firm.

Measures

*Motivation to conduct NM business* (formative measure) was measured with 24 items. Eighteen items were adopted from Kuntze (2001), six were generated from focus group interviews. Respondents were asked to indicate how accurately each one of the statements described the motivation for them to pursue NM business on a five-point Likert scale, where ‘1’ = strongly disagree and ‘5’ = strongly agree.

This measurement was re-conceptualized, 18 items used to measure extrinsic and intrinsic factors developed by Kuntze (2001) and six items used to measure motivation of establishing one own business (Authors, forthcoming). The re-conceptualized measurement for motivation is more comprehensive than the original one, because the satisfaction needs that network marketers pursue include three components: (i) establishment of one’s own business; (ii) extrinsic satisfactions; and (iii) intrinsic satisfactions (Biggart, 1989; Bhattacharya and Mehta, 2000; Pratt, 2000). According to Jarvis et al., (2003) the construct of motivation should be formative.

*Influence of NMO social environment* (reflective measure) was measured by 18 items generated from Sparks and Schenk (2001, 2006) and focus group interviews. Respondents were asked to indicate how accurately each one of the statements of sample items described influence them on a five-point Likert scale, where ‘1’ = strongly disagree and ‘5’ = strongly agree.

*Desire for entrepreneurial opportunity* (reflective measure) was measured with 12 items developed on the basis of Krueger’s (1993) notion and obtained from focus group interviews. Respondents were asked to indicate how accurately each statement described their desire for opportunity on a five-point Likert scale, where ‘1’ = strongly disagree and ‘5’ = strongly agree.

*NM business specific self-efficacy* (reflective measure) was measured with 12 items from Krueger (1993) and focus group interviews. Respondents were asked to indicate how accurately each one of the
statements described their capabilities in conducting NM business on a five-point Likert scale, where ‘1’ = very hard/absolutely not sure to and ‘5’ = very easy/absolutely sure.

Social competence (formative measure) was measured with 17 items adapted from Baron and Markman (2003). Respondents were asked to indicate how accurately each statement described their social competence on a five-point Likert scale, where ‘1’ = strongly disagree and ‘5’ = strongly agree.

Human capital. Our literature review did not uncover any scales measuring human capital in NMO. We multiplied months of experience in conducting NM by the number of weekly working hours. This is to measure the experience in conducting network business, a proxy of human capital.

NM business entrepreneurial actions (reflective measure). To measure this variable, seven items were adapted from Sparks and Schenk (2001) and focus group interviews. Respondents were asked to indicate how much time they spent on conducting business activities weekly on a five-point Likert scale, where ‘1’ = least time and ‘5’ = most time.

Financial performance outcome was measured with objective data (weekly income) obtained from the database of a direct selling firm.

Data Analysis

The hypothesized model of NM specific performance is composed of formative and reflective constructs. SmartPLS (Ringle et al., 2005) was used to test the hypotheses. The significance of each variable to one another is determined according to the bootstrap procedure (500 sub-samples).

We took a number of steps to address validity and reliability of reflective and formative scales (Petter, Straub and Rai, 2007; Chin, 2010). The calculation of Variance Inflation Factors (VIF) were all less than 3.33, showing Multicollinearity is of no major concern (Cenfetelli and Bassellier 2009). To prevent common method variance (CMV), we carefully designed the research and collected data for the objective dependent variable and independent variables from two different sources (Podsakoff et al., 2003). To check CMV, we used Harman’s ex post one factor test to ensure that the current study did not suffer from common method variance. The analysis showed that there were 20 factors (with eigenvalues
greater than 1.0) which explained 72.58% of the variance. The result of the analysis did not provide full support that common method variance is not an issue.

**Findings**

The total useable questionnaires collected were 227 (representing a response rate of 51.8 percent). Most of the respondents were female (73.6 percent). They were aged between 18 to more than 60 years, with the majority in the range of 31-50 years. A large number of the respondents considered themselves as not very proficient in English (41.2 percent). In general, they were educated. 68.7 percent have university degrees. Their experience in conducting NM business ranged from 1 to 119 months (mean of 28.56 months). They worked 23 hours per week on NM business (SD = 15.63 hours).

Table 1 shows the means, standard deviations, and intercorrelations of the variables in the study. The correlation coefficients show that the dependent variable (financial performance) is strongly correlated to human capital and NM business entrepreneurial actions. The model developed in the current study has a medium level of goodness of fit (GOF=0.3345) and the R-square of the dependent variable, financial performance, is moderate (R-square =0.430). As shown in Table 2, all of our hypotheses were supported.

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Insert Tables 1 and 2 about here

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**Discussion and Implications**

The main objective in the current research is to extend the model of NM business entrepreneurial action (Authors, forthcoming) to the model of NM business entrepreneurial performance by examining the causal relationships of the independent variables on the financial performance of Chinese network marketers. The results show that the financial outcome of the performance is determined by actions undertaken by Chinese network marketers in conducting their NM business and network marketers’ experiences in operating their NM business. All paths in the extended model were supported by the
findings. Our literature review (Mcmullen and Shepherd, 2006; Baron and Markman, 2003) suggests that social competence positively affects entrepreneurial actions. It has been supported in the current study.

In the current study, we incorporated both extrinsic and intrinsic factors to operationalise the motivation of network marketers in establishing their own business. The re-conceptualized construct is more comprehensive because it reflects Chinese immigrant network marketers’ need for career (Sequeira and Rasheed, 2006), social satisfaction and economic satisfaction (Bhattacharya and Mehta, 2000).

As well as SCT (Bandura, 1986), we also integrated the TPB (Ajzen, 1991) and entrepreneurial intention (Krueger, 1993) to the extended model. Our main theoretical contributions include: (i) confirmation of the impact of influence of social environment of NMO on self-efficacy and social competence suggested in the original model; (ii) examination of the impact of self-efficacy and desired for opportunity on the NM business entrepreneurial actions based on the TPB in the context of NMOs; (iii) provision of statistical evidence in this study, based on the large sample; and (iv) testing of the re-conceptualized model using PLS Modeling in order to examine the formative properties of social competence and motivation scales.

The present study has two practical implications. By understanding the factors affecting performance financial results, NM business entrepreneurs are able to develop effective strategies to conduct their business activities. In addition, the management of direct selling firms may apply the model developed in the current study to create an appropriate social environment within NMO and improve network marketers’ productivity.

The current research has some limitations. Firstly, like all cross-sectional research, the data was collected at a single point in time. Therefore, the current research cannot explain the effects of time on the relationship posited in the model. Secondly, the sample of this study only focused on Chinese immigrants in Australia. To generalize the findings of this study, more studies with heterogeneous samples are needed.

**Conclusion**

We have expanded the model in our previous study to a new model in the current study to explain the factors that affect the financial performance outcome of Chinese immigrant network marketers in
conducting their business. The original model (Authors, forthcoming) only contained reflective constructs. In the current model, we have re-conceptualized our constructs and extended our original model to take into consideration the formative characteristics of social competence and motivation. We also incorporated human capital, desire for opportunity and financial performance outcome into the model in order to identify the relationships of the variables. SmartPLS enabled us to analyze the model composed of both reflective and formative constructs (Wetzels et al., 2009).

In summary, we have shown that the financial performance outcome of Chinese network marketers is positively influenced by the actions undertaken and the experience of these network marketers in conducting NM business. We have applied the TPB to show that the planned actions undertaken by Chinese network marketers in conducting NM business are caused by their desire for opportunity and self-efficacy in conducting NM business. TPB suggests entrepreneurial intention is caused by both self-efficacy and desire for opportunity and entrepreneurial intention directly causes entrepreneurial action. Accordingly, we hypothesized and confirmed with testing that network marketing business entrepreneurial action is caused by self-efficacy and desire for opportunity.

References


Figure 1 Hypothesized Model of Network Marketing Business Entrepreneurial Performance
Figure 2. Results of Path Analysis
Table 1. Means, standard deviations, and correlations of variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Environmental influence</td>
<td>68.25</td>
<td>8.34</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Motivation</td>
<td>81.88</td>
<td>14.10</td>
<td>0.44**</td>
<td>0.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Desire for opportunity</td>
<td>28.39</td>
<td>4.51</td>
<td>0.34**</td>
<td>0.25**</td>
<td>0.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Self-efficacy</td>
<td>24.40</td>
<td>5.92</td>
<td>0.27**</td>
<td>0.39**</td>
<td>0.45**</td>
<td>0.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Social competence</td>
<td>51.45</td>
<td>7.19</td>
<td>0.24**</td>
<td>0.31**</td>
<td>0.23**</td>
<td>0.56**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Human capital</td>
<td>986.85</td>
<td>1187.08</td>
<td>0.16</td>
<td>0.10</td>
<td>0.32**</td>
<td>0.20**</td>
<td>0.27**</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. NM entrepreneurial Action</td>
<td>17.21</td>
<td>6.25</td>
<td>0.22**</td>
<td>0.29**</td>
<td>0.49**</td>
<td>0.44**</td>
<td>0.30**</td>
<td>0.60**</td>
<td>1.00</td>
<td></td>
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<tr>
<td>8. Financial outcome</td>
<td>4.71</td>
<td>1.56</td>
<td>0.08</td>
<td>0.15**</td>
<td>0.38**</td>
<td>0.31**</td>
<td>0.23**</td>
<td>0.70**</td>
<td>0.58**</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Note: N = 227
* p < 0.05, ** p < 0.01

Italicised and underlined values indicate square root of Average Variance Estimates (discriminant validity of reflective scales)
Table 2. The Results of Hypotheses Tests

<table>
<thead>
<tr>
<th>Path</th>
<th>Path coefficient</th>
<th>t-statistic</th>
<th>Sig. level</th>
<th>Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Social environment influence of NMO → Self-efficacy</td>
<td>0.145</td>
<td>2.097</td>
<td>*</td>
<td>supported</td>
</tr>
<tr>
<td>H2: Self-efficacy → Network marketing entrepreneurial actions</td>
<td>0.155</td>
<td>2.122</td>
<td>*</td>
<td>supported</td>
</tr>
<tr>
<td>H3: Social environment influence of NMO → Desire for opportunity</td>
<td>0.368</td>
<td>6.193</td>
<td>***</td>
<td>supported</td>
</tr>
<tr>
<td>H4: Desire for opportunity → Network marketing entrepreneurial action</td>
<td>0.295</td>
<td>5.142</td>
<td>***</td>
<td>supported</td>
</tr>
<tr>
<td>H5: Social environment influence of NMO → Social competence</td>
<td>0.274</td>
<td>4.155</td>
<td>***</td>
<td>supported</td>
</tr>
<tr>
<td>H6: Social competence → Network marketing entrepreneurial action</td>
<td>0.181</td>
<td>2.507</td>
<td>*</td>
<td>supported</td>
</tr>
<tr>
<td>H7: Social environment influence of NMO → Motivation</td>
<td>0.448</td>
<td>7.406</td>
<td>****</td>
<td>supported</td>
</tr>
<tr>
<td>H8: Motivation → Desire for opportunity</td>
<td>0.138</td>
<td>1.993</td>
<td>*</td>
<td>supported</td>
</tr>
<tr>
<td>H9: Motivation → Self-efficacy</td>
<td>0.324</td>
<td>5.138</td>
<td>***</td>
<td>supported</td>
</tr>
<tr>
<td>H10: Network marketing entrepreneurial Action → Financial performance</td>
<td>0.403</td>
<td>8.441</td>
<td>***</td>
<td>supported</td>
</tr>
<tr>
<td>H11: Social environment influence of NMO → Human capital</td>
<td>0.131</td>
<td>2.252</td>
<td>*</td>
<td>supported</td>
</tr>
<tr>
<td>H12: Human capital → Network marketing entrepreneurial action</td>
<td>0.318</td>
<td>6.271</td>
<td>***</td>
<td>supported</td>
</tr>
<tr>
<td>H13: Human capital → Financial performance</td>
<td>0.369</td>
<td>7.485</td>
<td>***</td>
<td>supported</td>
</tr>
</tbody>
</table>

* p < 0.05, ** p < 0.01, ***p<.001
Appendix 1

Sample items used to measure variables in the model of Model of Network Marketing Business Entrepreneurial Performance

The following sub-scales were formed using first order reflective scales. Subsequently, they were combined to form a formative second order latent variable.

Motivation for conducting network marketing business

1. Extrinsic motivation (Cronbach’s alpha=.852)
   - To be able to have lavish lifestyle
   - To buy all of the toys, cars, boats, vacation homes – have always wanted
   - To make a lot of money
   - To be able to vacation more often- and in more exotic locations
   - To get rich quickly
   - To have financial security
   - To be free to name my own hours
   - For personal accomplishment
   - To have power to call my own shots
   - To be free to work wherever I want-including from home

2. Intrinsic motivation (Cronbach’s alpha= .789.)
   - To directly contribute to a company’s success
   - To keep learning
   - While earning money is nice, there are other more important reasons for my work with this network marketing organization
   - To better use my skills
   - To be challenged
   - To have influence over and create a positive impact upon my community
• In my work with this network marketing organization, I feel I’m part of a “cause” that’s about more than earning money

• To be innovative

3. Motivated to establishing one’s own business (Cronbach’s alpha= .806.)

• It doesn’t really matter if I fail in my network marketing business, because I have only invested little money in it.

• It is a good opportunity for me to learn how to start up my own business, because it only cost little money.

• To start up my own business without financial pressure

• To start up my own small business with lowest investment and risks

Social Competence

1. Social Perception (Cronbach’s alpha=.891)

• I can tell why people have acted the way they have in most situation

• I can usually read others well – tell how they are feeling in a given situation

• I can usually recognize other’s traits accurately by observing their behavior

• I am a good judge of other people

• I generally know when it is the right time to ask someone for a favor

• I can easily adjust to being in just about any social situation

2. Expressiveness (Cronbach’s alpha= .736)

• What ever emotion I feel on the inside tends to show on the outside

• People can always read my emotions even if I try to cover them up

• I am very sensitive to criticism from others

• Other people can usually tell pretty much how I feel at a given time

• I often concerned about what others think of me
3. Social Adaptability and Impression Management (Cronbach’s alpha= .679)

- I’m good at flattery and can use it to my advantage when I wish
- People tell that I am sensitive and understanding
- I can appear to like someone even when I don’t
- I have no problems introducing myself to strangers

The following sub-scales were formed using first order reflective scales, and the second order latent variables were also reflective.

**Influence of social environment of NMO**

The result of the test with AMOS (CFI = 0.936, RMSEA = 0.076, \( \chi^2 = 232.525, \text{df} = 101, \text{p} = 0.000 \)) shows the measurement equation fits the data. Discriminant validity and convergent validity are confirmed.

1. Social influence (Cronbach’s alpha=.912)

- My sponsor and other uplines lead “doing” rather than “telling”
- I receive valuable information from my sponsor and other uplines about how to make the most of being a member of this network marketing organization
- I look to my sponsor and other uplines as examples of how to be an effective network marketing organization member
- My sponsor and other uplines is an excellent source of information about being a successful member of this network marketing organization
- When it comes to making a success of my distributorship, I am satisfied with information I receive from my sponsor and other uplines
- My sponsor and other uplines help me see a positive future for myself as member of this network marketing organization
- My sponsor and other uplines are able to get me committed to a positive vision of the future with this network marketing organization
2. Training (Cronbach’s alpha= .865)
   - Training provided by this network marketing organization is essential for me to operate my network marketing business
   - Through the training provided by this network marketing organization, I have obtained a large amount of knowledge about network marketing business
   - The trainings I received in this network marketing organization are effective
   - Much of the training I received as a network marketer came from other network marketers in this network marketing organization
   - Without training provided by network marketing organization, I won’t be able to establish my network marketing business successfully

3. Cohesion (Cronbach’s alpha= .867)
   - The members of my organization are very cooperative with each other
   - The member of my organization believe we can depend on each other for advice and support concerning our distributorships
   - The members of my organization support each others’ work
   - There is a great deal of trust among fellow member in my organization

Network marketing business specific self-efficacy

The result of the test with AMOS (CFI = 0.972, RMSEA = 0.082, $\chi^2 = 47.558$, df = 19, p = 0.000) shows the measurement equation fits the data. Discriminant validity and convergent validity are confirmed.

1. Degree of difficulty (Cronbach’s alpha= .904)
   - How easy do you think it would be to introduce your current network marketing business to others?
   - How easy do you think it would be to recruit others to participate in your organization?
   - How easy do you think it would be to conduct your current network marketing business?
• How easy do you think it would be to sell the products to others?

2. Confidence (Cronbach’s alpha= .852)
   • How sure of yourself in developing new leaders in your organization?
   • Do you know enough to conduct network marketing business?
   • How certain of success are you in conduct your current network marketing business?
   • How sure of yourself in communicating with others effectively?

Desire for opportunity from network marketing business

The result of the test with AMOS (CFI = 0.984, RMSEA = 0.074, χ² = 29.020, df = 13, p = 0.07) shows the measurement equation fits the data. Discriminant validity and convergent validity are confirmed.

Love and enthusiastic (Cronbach’s alpha= .869)
   • How enthusiastic would you be in learning skills and knowledge about how to conducting network marketing business
   • How enthusiastic would you be in sharing the opportunity of the network marketing business with others?
   • I would love conducting my current network marketing business
   • How enthusiastic would you be in sharing the products sold by this network marketing organization with others?

Tense (Cronbach’s alpha= .908)
   • How tense would you be in sharing the opportunity of the network marketing business with others?
   • How tense would you be in sharing the products sold by this network marketing organization with others?
   • How tense would you be in conducting your current network marketing business?
Network marketing business entrepreneurial action (Cronbach’s alpha = .882)

The result of the test with AMOS (CFI = 0.988, RMSEA = 0.077, \( \chi^2 = 17.234, \text{df} = 8, p = 0.028 \)) shows the measurement equation fits the data. Discriminant validity and convergent validity were not tested because no sub-scales exist in this measurement.

- Hours per week devoted to distributorship work
- Hours per week devoted to presenting products and business opportunities to others
- Hours per week devoted to motivating and training new network marketers
- Hours per week devoted to learning business skills and knowledge
- Hours per week devoted to customer services
- Number of presentations conducted per week
- Number of sales workshops held per month
- Number of sales workshops held per month
Conference Information

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North Terrace, Adelaide
South Australia 5000

HOST

University of South Australia

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arinex Pty Limited as Conference Managers for the 24th Annual Australian and New Zealand Academy of Management Conference are pleased to welcome delegates to the Conference. We are positive you will find this a most rewarding experience. If we can be of any assistance please see a staff person at the registration desk.

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This booklet contains abstracts of the papers which have been accepted for the ANZAM 2010 Conference. All papers have been subject to a double-blind peer reviewing process. Full papers are available on the Conference CD.

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Call for Submissions

Call for Submissions Closed

The Australia and New Zealand Academy of Management invites the submission of papers for consideration for the Conference Program.

Participation in the ANZAM Conference can take many forms:

- Presenting a Paper
- Presenting a Poster
- Leading a Symposium or Workshop - 90 minute timeslots. Presenters of workshops should submit a 300 word outline of the topic and relevant issues.
- Reviewing for the Conference

Click here to Submit a Paper

Conference Streams

Papers are invited on original research in the following research areas or streams:

| Philosophy and Spirituality in Management | Managing for Unknowable Futures |
| Leadership and Governance                | Critical Management Studies     |
| Entrepreneurship, Small Business and Family Enterprise | Gender and Diversity in Organisations |
| Human Resource Management & Development | International Management       |
| Management Education and Development     | Marketing and Communication     |
| Organisational Behaviour                 | Organisational Change           |
| Public Sector and Not-for-Profit         | Research Methods                |
| Strategic Management                     | Sustainability and Social Issues in Management |
| Technology, Innovation and Supply Chain Management (TIM) | |

General Policies and Requirements

- All papers submitted for presentation at the ANZAM Conference must contain original research that has not been previously presented or scheduled for presentation, published or accepted for publication, and if under review, must not appear in print before the Conference.
- Acknowledgement of relevant prior research and sources of works, ideas and data is expected. Authorship and credit should be shared in proportion to the various parties’ contributions. Note, authorship of papers needs to be correct when the paper is submitted as changes cannot be made once the paper is accepted for publication in the conference program and proceedings.
- A paper can only be presented in one stream of the Conference. Authors are asked to signal their...
preferred stream(s) from the ANZAM Conference Stream list, as well as up to 6 keywords describing the content of their research. The list of keywords can be found on the paper submission site after selecting your preferred Conference stream - please use at least four of these keywords for your submission to assist us in assigning appropriate reviewers for your manuscript.

- At least one author for each paper that is accepted for presentation in the Conference Program is expected to register and pay to attend the Conference to present their research. All of the costs to attend the Conference, including the registration fee, must be paid by presenters. ANZAM does not pay honoraria for any presentations.
- An individual can appear in up to three sessions of the refereed scholarly Conference Program (as presenter, co-author, session chair or facilitator). This is to encourage greater participation and to avoid individuals appearing to dominate a stream or segment of the Conference Program.
- Presenters of papers will have 15 minute timeslots, plus 5 minutes for discussion. Research Symposia and Workshops will be allocated 90 minute timeslots.
- During the conference, a climate of free exchange and constructive criticism is encouraged. It is also important to demonstrate respect for colleagues/presenters with different perspectives and methodologies/methods.
- For those selected to present their abstract in poster format, it is expected that one of the presenting authors be present at their poster during break times to discuss their research with fellow delegates.

Note to Authors

Each presenting author will be required to register and pay for the Conference by the author registration deadline to ensure their abstract(s) are included in the final program. All costs to attend the Conference, including the registration fee, must be met by presenters.

All Conference Papers accepted for the ANZAM Conference Program are made available to delegates in the Conference Proceedings which is presented in a CD format. The Conference Proceedings has an ISBN number and indicates clearly that all refereed papers were double-blind peer reviewed. In addition, a printed conference summary will report titles, authors and abstracts for refereed conference papers and posters, as well as panels and symposia.

Paper & Poster Guidelines

Original research papers, which may be theoretical, empirical, literature reviews, or case studies, aligned with the conference theme, ‘Managing Unknowable Futures’, and ANZAM's research streams/tracks, are invited. See above for Conference Streams.

Conference Papers should be prepared as a Microsoft Word document and conform to the editorial guidelines and formatting specified for ANZAM Conference Papers.

Please refer to the below ANZAM Conference Paper Style Guide and ensure you read the General Policies & Requirements section before submitting your paper.

**ANZAM Conference Paper Style Guide**

The page limit for papers is twelve (12) A4 pages, with 2.54cm (1" margins), double spaced text, 11-point Times New Roman font. Note, page limits do not include references/bibliography, Tables and Figures (which are placed at the end of the document in keeping with JMO Guidelines), or the cover page with author details.

Please also download the following documents as they will be a useful reference when preparing your Conference presentation.

- [Paper Presentation Guidelines](#)
- [Poster Presentation Guidelines](#)

Paper & Poster Review Process

Papers submitted for oral or poster presentation at the Conference will be reviewed and authors will be advised of their acceptance and presentation type mid July 2010.

All Conference Papers will be refereed using a double-blind peer review process. The review criteria include:

- Significance/importance of the topic
- Conceptual foundation/relevant literature
- Research questions*, aims and objectives
- Methodology*
- Quality of analysis/coherence of argument
- Relevance of findings for theory/policy/practice
- Clarity/readability
- Overall evaluation (including contribution)

* if these are relevant for the style of paper

Click here to Submit a Paper

Important Dates

- Call for Papers Open: 1 May 2010
- Online Registration Opens: August 2010
- Paper Submission Deadline: Closed
- Authors Acceptance Notification: 31 August 2010
- Registration Deadline Date for Authors: 3 November 2010
- Early Bird Registration Deadline: 3 November 2010

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Symposia/Workshop

The ANZAM Conference Program also includes Research Symposia and Workshops focused on professional development topics to increase the value of the conference for participants. These sessions are scheduled for 90 minutes during the concurrent stream sessions. Please refer to the below Research Symposia and Workshop Guidelines and ensure you read the above General Policies and Requirements section before submitting your paper.

Research Symposia and Workshop Proposal Guidelines

Research Symposia focus on leading-edge research. Workshops cover a broader domain including research methods, getting published, external funding, accreditation processes, teaching innovations, managing workloads, supervision etc.

Presenters of workshops should submit a 300 word outline of the topic and relevant issues. A template is available here.

Symposia/Workshop Review Process

The criteria for selecting Research Symposia and Workshops for inclusion in the Conference Program include:

- Relevance to ANZAM’s purpose
- Relevance to conference theme
- Relevance of presenter’s expertise
- Professional development potential for participants or research quality
- Topicality

Click here to Submit a Research Symposia/Workshop Outline

Reviewing for the Conference

If you are interested in serving as a Reviewer for the 2010 ANZAM Conference please contact the Conference Convenor, Dr Bruce Gurd, on bruce.gurd@unisa.edu.au. Please note the timing of the review period (July-August) and ensure that you will be available to review typically up to 3 papers during this time. You are expected to provide constructive advice for authors on how to improve their papers for presentation at the conference and subsequent publication.

Audio Visual Information

Oral Presenters

Please note that for all oral presentations the following equipment will be available in each session room for use by speakers - Data Projection (PowerPoint), laptop (PC compatible), lectern and microphone.

Poster Presenters

For those selected to present their abstract in poster format, it is expected that one of the presenting authors be present at their poster during break times to discuss their research with fellow delegates. More information on the required format of posters will be provided to the submitting author should the abstract be accepted for a poster presentation.

Click here to Submit a Research Symposia/Workshop Outline
24th Annual Australian and New Zealand Academy of Management Conference

Managing for Unknowable Futures

8 - 10 December 2010
Adelaide, Australia.

www.anzamconference.org
Welcome from Conference Chair

My Colleagues and I from the University of South Australia welcome you to Adelaide to the 24th ANZAM.

Two schools within the Division of Business – the International Graduate School of Business and the School of Management – have co-operated together to bring you this conference. We acknowledge the support of Professor Gerry Griffin, Pro-Vice Chancellor of the Division of Business, Professor John Benson, Head of the School of Management and Professor Mile Terziovski, Head of the International Graduate School of Business.

We look forward to three outstanding plenaries – Professors Sara Rynes, Professor Sri Zaheer and our team of speakers at the Final Plenary. The concurrent presentations are of a high standard and this conference has attracted an interesting range of workshops.

A lot of effort has gone into the Social Program, so we hope you enjoy the welcome function in Foyer F, the dinner at Glenelg Beach at the Stanford Grand, and the final Happy Hour on Friday afternoon.

We trust that you find the conference invigorating for your own research and teaching and a time to build new relationships with fellow academics.

Dr Bruce Gurd
ANZAM Conference Chair

Organising Committee

Chair
Dr Bruce Gurd

Academic Program Committee
Dr Mary Bambacas
Assoc. Prof. Jo Caust
Dr. Sukhbir Sandhu

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