

**A Model of Network Marketing Business
Entrepreneurial Performance**

by
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CERTIFICATE OF AUTHORSHIP/ORIGINALITY

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Fu Dai

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ABSTRACT

Network marketing organization (NMO) is a growing form of business organization. According to the World Federation of Direct Selling Association (2009), there has been a growth in the number of individuals in network marketing business. The current study focuses on investigating the factors that determine immigrant network marketers' performance in conducting their network marketing business. This research integrates the literature on Social Cognitive Theory (Bandura, 1986), Theory of Planned Behaviour (Ajzen, 1991), immigrant entrepreneurship (Chaganti & Greene, 2002) and NMO studies (Biggart, 1989; Sparks & Schenk, 2006) to develop a path model. This model is tested with data obtained from a survey of 227 Chinese immigrant network marketers in Australia. Adopting the Partial Least Squares methodology, the model is analysed using *SmartPLS* (Ringle, Wende & Will, 2005). Results suggest that the model has a good predictive ability and a high level of goodness of fit.

The current study made several theoretical and empirical contributions. The first one is the identification of factors (influence of social environment in NMO, motivation, self-efficacy, desire for opportunity, social competence, human capital and actions undertaken) that determine immigrants' performance in pursuing entrepreneurship in the field setting of network marketing organization. The Theory of Planned Behavior (Ajzen, 1991) and entrepreneurial intention model (Krueger, 1993) suggest that self-efficacy and desire for opportunity are the sources of entrepreneurial intention. The current study identifies that self-efficacy and desire for opportunity are two of the factors that directly resulted in actions being undertaken by immigrant network markets to participate in network marketing activities, which in turn led to determine the performance positively.

Evidence from previous studies indicates that social competence is positively related to entrepreneurial performance (Baron and Markman 2003). The current study first discovered that the higher level of social competence will cause more entrepreneurial actions to be undertaken in the network marketing business context, which determines the higher level of performance. This study is also first to provide evidence demonstrating a positive causal relationship between human capital and entrepreneurial

actions and performance in the context of NMO. The second contribution is to find out the process of how NMOs develop immigrant network marketers and make these individuals actively participate in NMO activities. Finally, based on the path analysis, the study develops a model of network marketing business entrepreneurial performance and contributes to the literature of NMO. The study has practical contributions and implications as well.