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Organizational Change Mishaps Inspires the Entrepreneurship Spirit

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Abstract- The purpose of this paper is to examine organizational change initiatives that have led to misleading job expectations. Due to scarce resources, employees are overwhelmed with unrealistic work expectations, which have led to job dissatisfaction in the workplace. Unfortunately, employees are unable to make swift career changes which eventually lead to frustration. In so doing, with limited resources, the average individual can be a part of the Multi-Level Marketing (MLM) industry that has experienced financial growth throughout the years despite the economic recession. At the end, a determination will conclude the legitimacy of the MLM industry and how it has made an impact on those who have reached financial freedom. Also, recommendations will be made to equip those who are interested in being part of the growing MLM industry.

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I. INTRODUCTION

Due to increased competition and scarce resources, organizations throughout the United States continue to promote misguided organizational change. Employees are pushed to their limits

in an effort for the organization to stay competitive. As a result, the employees' work environment becomes toxic (Rivero, 2013). Unfortunately, the average American worker is limited by career choices/career mobility, which leads to job dissatisfaction. Consequently, the Multilevel Marketing (MLM) industry has become a popular choice for many Americans leading to entrepreneurship independence for some. This paper will evaluate Multilevel Marketing (MLM) industry and recommendations will be provided for those who are seeking entrepreneurship independence by means of the multilevel marketing industry.

II. ORGANIZATIONAL CHANGE MISHAPS

Due to the competitive nature of organizations, organizations are being pushed to the outer limits in an effort to remain competitive in a global market. As such, organizational change initiatives continue to hit rock bottom with most deliverables not being achieved due to scarce resources and poor planning. In figure 1, Gilley, Gilley, & McMillan (2009) suggest that 60% of organizational change will not achieve success.

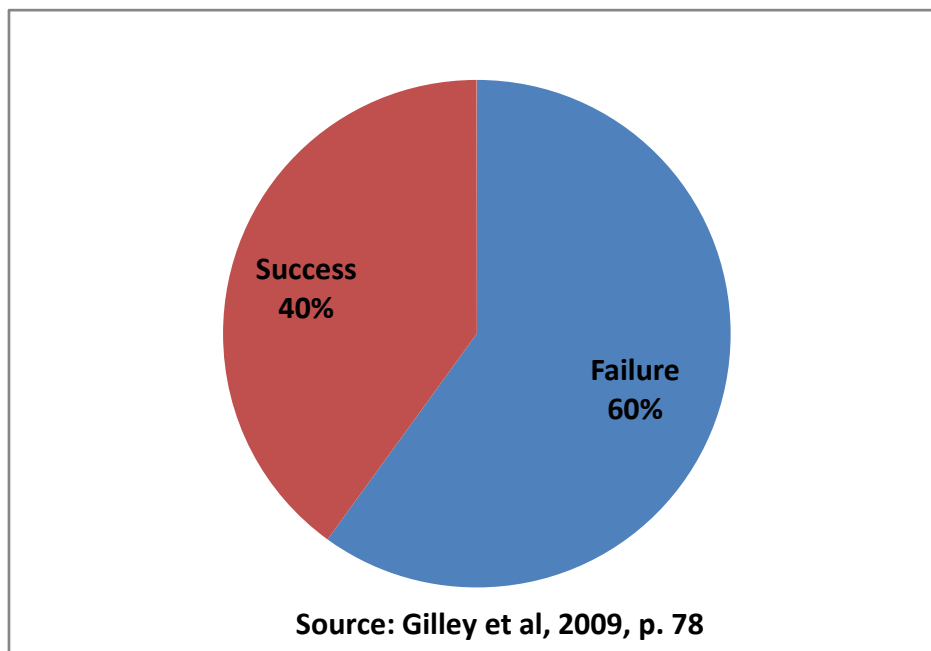


Figure 1 : Organizational Change Effectiveness

In so doing, as organizations strategize for the future, at times, the Humanistic Approach to management is lost. As a result, employees are mistreated in the workplace and are pushed to meet unreachable expectations. According to Rivero, "the Humanistic Approach to Management is much related to the commonly used humanism theory" (p.104).

Melé (2003) further suggests, "more specifically, humanism is usually conceived as an outlook to emphasizing common human needs and is concerned with human characteristics" (p. 79).

According to Rivero (2013), "...most layoffs were middle managers who worked alongside of line workers; other managers who remained behind were forced to do more with fewer resources, which made it difficult to accomplish day-to-day objectives" (p. 171). Unfortunately, managers develop a "siege mentality" behavior leading to the mistreatment of employees (Horstein, 1996). More specifically, managers are faced with the unfortunate dilemma of promoting deliverables that are unreachable.

Consequently, employees are faced with a difficult decision to either remain employed by a dysfunctional organization or perhaps take it upon themselves to retrain for a new career path. For many, the traditional method to complete a degree program/education initiative is unreachable due to the high tuition cost of most colleges/universities throughout the United States. Overall, there has been an uproar about the increased tuition rate among United States Colleges/Universities, which has had a drastic effect on university/college enrollment figures (Conger, 2014).

III. ENTREPRENEURSHIP SPIRIT

From a traditional perspective, the term Entrepreneur is defined as "a person who starts or organizes a commercial enterprise, especially one involving financial risk" (Peredo and McLean, 2006, p. 56). Additionally, Bygrave and Hofer (1991) further state that an entrepreneur is "an individual who perceives an opportunity and partakes in the necessary functions, activities, and actions associated with the creation of an organization to pursue that opportunity" (p. 15). Moreover, the barriers of entry to establish a business ownership could be costly and unreachable for the average individual (Porter, 1985). Consequently, for certain individuals who have limited resources and training, Multilevel Marketing (MLM) can be the answer for promoting their Entrepreneurship Spirit due to the low overhead and risk free investment start-up (Albaum and Peterson, 2011).

IV. MULTILEVEL MARKETING INDUSTRY – CAUSES AND EFFECTS

Perterson & Wotruba suggest that the "MLM is a form of direct selling. At an operational level, direct

selling is simply face-to-face selling away from a fixed retail, or a process of communication" (1996, p. 2.)

Sparks & Schenk (2001) further state that "Multi level marketing organizations (MLM) have long been an active part of the American business landscape. These networks of members-distributors, who earn income both from selling retail products and recruiting new members are enjoying remarkable growth" (p. 849).

Quite obviously, the success of each distributor is based on his/her efforts. For the most part, most legitimate MLM provide extensive training programs that include leadership development, public speaking, etc. (Peterson & Albaum, 2007, p. 318). Moreover, Coughlan and Grayson (1998) elaborate that "the essence of MLM involves the development of social networks that evolve into business alliances" (p. 425).

Undoubtedly, the phenomenal growth continues to evolve. According to the 2012 Direct Selling Statistics (2014) from the Direct Selling Association of the United States, Direct Retail Sales industry increased from \$29.87 billion in 2011 to \$31.63 billion in 2012. Another study also suggested that within a 12 month period Finland had reported that 25% of their population had purchased from a direct selling company. Within this same study, South Africa also reported that 72% of their population had purchased products from a direct selling company (Brodie et al., 2004, p. 7-8).

V. PYRAMID ANALYSIS

The surge to join MLM continues to progress and limited academic research has been performed to support industry's achievements (Peterson & Albaum, 2007, p. 318). Unjustified remarks have been published by critics of MLM suggesting that 99.94 % of MLM lose their investment and eventually withdraw/abandon their membership (Taylor, 2005). On the other hand, according to Seale, (2007, p. 22), the United States Direct Selling Association suggested the average gross income for an MLM United States distributor stands at about \$14,500 annually. Based on this writer's perspectives, negative remarks suggesting that MLM have not met up to their expectations are posted by bloggers and are unsubstantiated.

Peterson and Albaum (2007) have established a pyramid test model to determine if the MLM is an illegal pyramid scheme by answering the following four questions

1. What is being sold – a product/service or the right to sell a product/service?
2. Is the fee for becoming a distributor fair and reasonable and what does a person receive for it from the company?
3. Is there pressure to purchase excess inventory?
4. Is there a provision for the MLM firm to buy back unsold inventory?

VI. RECOMMENDATIONS – DAMAGE CONTROL MEASURES

The author of this article proposes the following recommendations for addressing potential MLM membership for those who are interested in becoming a distributor. They are as follows:

1. Utilize the Peterson and Albaum (2007) pyramid test model to determine if the MLM is an illegal pyramid scheme.
2. Prior to joining an MLM, set aside time to establish a network opportunity to expand an MLM organization.
3. Take advantage of MLM training and educational support systems. Weekly seminars are inexpensive and may cost as little as \$6.00 per seminar. It also is recommended to invest in literature in an effort to develop leadership abilities to influence others to pursue MLM business networking opportunities.
4. MLM is a long term investment and those who are patient will have a greater opportunity for success.

VII. CONCLUSION

Corporate America continues to seek new ideas in order to remain competitive in their respective markets. At times, change initiatives are unrealistic. Studies have suggested that most organizational change initiatives do not succeed, which leads to organizational derailment. In the end, both employers and employees suffer in not meeting expectations leading to employees losing interest. Although, an MLM is not the answer for all who are seeking financial freedom, it certainly provides an open opportunity for those involved to reach their financial objectives.

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