

## MODERN TOOLS USED FOR RECRUITMENT IN MULTI LEVEL MARKETING

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**Abstract:** *The holistic process of recruitment executed by any enterprise is a complex and horizontal issue and, at the same time a subject of significant interest. Basic problems are to be faced, like how to attract candidates' attention, how to choose optimal tool to run the process and, obviously, how to reach the highest possible return on investment from the process. New technologies have developed so rapidly, that what was previously a futuristic dream, can now be a standard tool. The aim of the paper is to analyze modern tools of internet Multi Level Marketing, playing an important role in selection of employees.*

**Keywords:** *multi level marketing, selection of employees, recruitment*

**JEL Classification:** *M12, M31*

### 1. INTRODUCTION

Overall recruitment process conducted by a company is a very horizontal issue and at the same time a topic which evokes wide interest. At the first sight, it seems that this process is so widely described that further description will not bring any crucial changes. But the world is constantly changing and together with the world companies' conditions and applicants characteristics change as well. If the company which is unable to work on and introduce innovation simply has no chance of surviving in the market. So recruitment knowledge should be updated.

### 2. THE TERM AND ROLE OF NETWORK MARKETING

The term of network marketing since its birth has been characterised with some completely different names and as a result with different forms of explanation. It was connected with constant evolution and changes of the world economics. Now, in different books one can also encounter alternative concepts connected with network marketing. The most popular is probably MLM which is Multi Level Marketing which in the end leads to Network Marketing. Such solutions result from the fact that this business model was created at the top of civilisation, namely in the USA. In Polish reality it can be found somewhere near great changes and structural transformations at the beginning of the 90's. As a result of lack of professional literature many names have been inspired by English language. In this situation multi freedom of interpretation appeared as well as a multitude of synonymous terms thanks to the people who have implemented this system into Polish reality.<sup>1</sup>

The overall objective of network marketing is to maximize distribution of products and services as a result of sharing of profits with everyone who work for it in the form of recruiting coworkers, demonstrating perseverance and determination in the duplication of the system earnings. Thanks to this, network marketing industry is identified as a "personal franchise" - a very democratic concept of making money. And above all, it is gaining

immense popularity today as an easy ideological tool in the hands of people endowed with vision and creativity.<sup>2</sup>

There are many reasons for using network marketing, but the main determinant are obvious financial issues. The impact arises from the fact that the vast majority of companies operating on the principles of network marketing, promise their partners lifelong payment of commissions earned from the pre-sales of their contacts. Total commissions in this system is based on the marketing plan which is designed for each company's individual needs by creating optimal conditions for coherence for themselves and future distributors. At the moment of beginning coworking with a company that operates in the network marketing system, each partner wishing to enjoy the privileges enshrined in the marketing plan is required to purchase a special license. License prices vary from 250 to even thousands of Euros, depending on the rank (of the brand) and the market position of the company.<sup>3</sup>

With the appropriate license a person begins to operate freely and use their powers as an independent entrepreneur. It must of course comply with the Code and the rules of operation of the company. Then, they are given the full right to distribute the products or services without unnecessary formalities and participation of intermediaries. Perhaps most importantly, may recruit potential new people who have the desire to duplicate this system to make money. In the environment of network marketing this phenomenon is called "sponsorship". Sharing knowledge is desirable because it generates a commission not only from personal sales, but also from the turnover of the whole team. An important advantage is that the person who starts work does not have to have a sales expertise to achieve spectacular success. They've got some kind of a proven formula that element by element explains how to achieve and fulfill the components of the marketing plan and the interpersonal goals of the person with respect to the company.<sup>4</sup>

<sup>2</sup> Robert Toru Kiyosaki : *Szkola biznesu dla ludzi, którzy lubią pomagać innym*, Instytut Praktycznej Edukacji, Warszawa 2006, str. 24

<sup>3</sup> Ibidem, str. 25

<sup>4</sup> John Bremner : *Profesjonalny network marketing*, Studio EMKA, Warszawa 2001, str. 19

<sup>1</sup> Janusz Szajna : *Network marketing – sposób na życie*, Wydawnictwo Enterprises, Wrocław 1997, str. 57-58

### 3. DEVELOPMENT DIRECTIONS AND HISTORICAL CONDITIONS OF NETWORK MARKETING

In the mid-nineteenth century, after global economical changes initiated by the Industrial Revolution, people became interested in distribution methods together with their constant development. At the very beginning, the existing city markets gained rivals in the form of small shops. A bit later, newly-built multi-sector shops came to voice. eg. Harrods in the UK which was built in 1849 or La Samaritaine in France called to existence in 1869. Later, together with the progressive urbanization of the space, so-called chain stores were created and the best example is Marks&Spencer from Great Britain, whose roots date back to 1884. Unquestionable success of this enterprise resulted in a new trend, namely appearance of super and hypermarkets with the goods at competitively lower prices. Together with this process, big special forms of distribution were born, name, direct selling and franchising. Their origins date back to 1885 and come from an American city located in Nashville, Tennessee. During this time, some publishing house decided to sell the Bible in the form of direct selling. It is interesting to add that less than a year later from this event in the heart of America - New York begins operations California Perfume Co., which is now known as Avon Products Inc., Giving the first foundation for the network marketing.<sup>5</sup>

### 4. THE PROBLEM OF THE USE OF THE CLASSICAL METHOD OF RECRUITING IN NETWORK MARKETING

Each reaction is a response to the circumstances, moreover, in accordance with the laws of nature. The whole issue of recruitment and appearing inconveniences should be seen from the angle of reasons which cause the problem. The reasons will be understood only when a detailed reasons why recruitment has not brought the expected success are found. Assuming this principle, one needs to examine which shortcomings go together with recruiting coworkers from the outside and ultimately choose those which are crucial in negative effects of the whole process.<sup>6</sup>

The phenomenon of attracting new people in network marketing is commensurately close to the assumptions that guide the process of external recruitment. Of course there are considerable differences, but the idea and many factors are common interpretation of the expected results. In network marketing recruiting new people is done by people who work with the organization on the assumption of an autonomous way, quite the opposite to traditionally managed enterprises, where this role is played by special team. Also, the recruitment process guidelines present themselves in a different light, and most conveniently this idea is presented by the division into three separate sub-steps.<sup>7</sup>

Step 1 aims at getting to potential customers in the conduct of business. It involves creating a list of about 100 to 150 people from among their family and friends. From this list they will choose those with whom they are able to

meet as soon as possible. And the final stage of this step is to make an appointment with as big a group of people as possible of the created list.

Step 2 refers to a comprehensive presentation of business offer. It can be divided into two phases in the group, or personal relationships. Personal is usually conducted in the comfort of the chosen person's home or restaurant. During the meeting the potential recruit is shown a presentation of the organization, the whole range of products or services as well as the possibility of interesting mutual cooperation. In contrast, the group presentation is the most commonly given in large conference rooms to invited guests.

Step 3 involves the recruitment and registration of selected new employees. This contains signing a binding contract and the person begins to operate in the given enterprise.<sup>8</sup>

So widespread approach is characteristic for network marketing. In the view of the first step where one creates only a list of people with whom they stay in contact, and with whom there is a chance of personal meeting. So the number of coworkers in the first step is strongly reduced to step two. And the main concept of network marketing states that in order to generate the highest profit, the structure needs to expand. So it is crucial to constantly copy the recruitment process, as well as to coach new people.<sup>9</sup>

### 5. SPECIFICATION OF THE INTERNET TOOLS

In the era of tremendous change, where one novelty displaces just invented innovation in almost every field of human existence, it is very difficult to rely on older and thoroughly tested models. This is also the case of human resource management, where it is unlikely to recruit without the use of cutting-edge tools to support the process. The immediate cause is constantly increasing even within a month the number of components that have an impact on the effectiveness of the recruitment process. The source of resolving the shortcomings is the implementation of online tools with the possibility of analyzing and processing components of the adopted factors so as to be able to draw from them the maximum amount of easily digestible information for recruiters.<sup>10</sup>

However, for now, full automation of online tools with respect to the recruitment process is unattainable. Most probably, it will be taken in framing constructions only at the moment of cooperation with the human dimension of company management. The current collection and processing of large datasets does not reflect everything. So linking everything in the common whole preclude the elimination of all common files of candidates and personal contacts with respect to the automation of the recruitment process. Today, the computer is a great tool in the hands of people who can use it to its maximum potential. However, it does not match human abilities, so in the near perspective, the human element remains invariably decisive. But of

<sup>5</sup> Paul Dewandre : *Przyszłość marketingu wielopoziomowego w Europie...*, op. cit., str. 49-50

<sup>6</sup> Adam Tomasz : *Szansa XXI wieku - network marketing...*, op. cit., str. 45

<sup>7</sup> Ibidem, str. 46

<sup>8</sup> Ibidem, str. 48

<sup>9</sup> Wincenty Różański : *Nowe narzędzia internetowe w zarządzaniu firmą...*, op. cit., str. 50

<sup>10</sup> Andrzej Sołtysik : *Internetowe narzędzia wspomagające dobór pracowników...*, op. cit., str. 41

course the online tools will continue to grow and increase its size.<sup>11</sup>

The main advantage of online tools facilitating the recruitment process is an opportunity to reach out to an incredible amount of Internet users, without taking into account the criterion of the place and the time. The only obstacle will be only the availability of computers and the Internet, and of course the language of communication with prospective employees. Another very useful advantage is the cost which is many times lower in contrast to classical recruitment because a lot of small and complex operations can be carried out without appointing recruitment team.<sup>12</sup>

## 6. STAGES AND DIAGRAM OF OPERATION OF ONLINE TOOLS IN THE RECRUITMENT PROCESS

Effective "knock on the door" with a presentation to the people inspired by the art of multiplying money in network marketing system requires the delineation of a special road that smoothly guide the chosen candidate from capture tools, to image creating tools, to increasing confidence tools to those recruiting directly. But to realize this, one needs to immediately create an operating pattern which will include using the potential of the Internet tools which ensure automation of the recruitment process.<sup>13</sup>

On the network marketing market there are several procedures for managing online tools. One of the best procedures in „Funnell marketing” based on directing a person in the network so that they could get, through capture and creating image tools to the final recruitment tools. The system allows to enlarge conversions in direct proportions, namely number of people recruited to the company in the coexistence to all people interested in the sector. The important advantage of „Funnel marketing” is automation of recruiting a candidate which enables reducing costs which would be inevitable in order to get to these people using a classical method. But unfortunately, the downside is the high initial cost to build and implement

a framework for the comfortable operation of the procedures that return only after a certain time.<sup>14</sup>

## 7. EXAMINING THE RELEVANCE OF THE INTERNET TOOLS ON THE BASIS OF STATISTIC METHOD

Due to the limit of the volume of the article, what remains for me is to cite an analysis of only one of a dozen questions in the questionnaire.

„Which factors have caused you the biggest problems while conducting recruitment process of new candidates to the network marketing field?”

Frequently recurring answer to the problems in recruiting new people was the requirement of personal persuasion of candidates for the company, offered goods and ideology multi-level marketing (frequency 21 % of the votes for this answer). As it turned out, apart from complete knowledge, this skill requires from the distributor also the gift of persuasion, gaining confidence among the candidates and stimulating them into action. In the example of newly recruited and untrained people it is usually unrealistic. What is more, big significance has psychic and fear of rejection. Therefore, trainings are organized which states that the first recruiting meeting is with an experienced recruiter, called the leader. During these meetings it is the leader who conduct the presentation and the new candidate listens carefully and makes notes. After a while the role of an experienced leader gradually diminishes and their help is visible in the situations of a troublesome question, correcting information, and after the presentation conducted by the new person, the leader gives precious tips and feedback. As a result, at the earliest possible time, the candidate may become independent by training in the most practical way of "live". The drawback of this procedure is the time factor, which the leader can devote to intensive teaching new person. So he has to select only the most promising candidates, but not all candidates will receive all support they need.<sup>15</sup>

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<sup>11</sup> Ibidem, str. 43

<sup>12</sup> Wincenty Różański: *Nowe narzędzia internetowe w zarządzaniu firmą...*, op. cit., str. 64

<sup>13</sup> <http://square.marketing.com/webcast/Funnellmarketing>

<sup>14</sup> [http://thepul.network.com/corporate/Funnell\\_awarenes/strategy](http://thepul.network.com/corporate/Funnell_awarenes/strategy)

<sup>15</sup> „Sztuka wystąpień publicznych”, Network Magazine nr 3/2010, str. 14