

A Comparative Study of Attitudes and Practices of Retail Workers, Franchise Managers, and Direct Sellers in Germany and the United Kingdom

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Executive Summary

This study was designed and implemented to provide evidence regarding the attitudes and practices of direct sellers in Europe.

In 1999, the European Commission began work on a revision of Directive 85/577,¹ which is the primary community law instrument governing the practice of direct selling. Once the revision process began, it became clear that there was little or no empirical information regarding the actual attitudes and practices of direct sellers in the member states affected by the Directive.

The development of new harmonized legislation on direct selling must be informed by an understanding of what direct sellers actually think and how they really behave. Without diagnostic empirical data on the behaviors and opinions of direct sellers, the rules developed at a community level (or transposed and implemented at a national level) may not appropriately address the economic and social reality of the direct selling industry.

This study was initiated to collect quantitative survey data regarding the attitudes and practices of direct sellers. To the author's knowledge, it is the first broad and empirically based picture of what European direct sellers believe about the work they do and what behaviors they undertake based on their beliefs.

To understand these attitudes and practices in context, they were compared with the attitudes and practices of

retail workers and franchise managers. Surveys were also implemented both in Germany and the United Kingdom. In sum, this report details the following results regarding direct sellers in relation to retail workers and franchise managers:

Job Satisfaction:² In both countries, respondents with less than two years of work experience reported the same level of job satisfaction in all three distribution sectors (direct selling, franchising, and retailing). For respondents with two or more years of experience, direct sellers reported significantly more satisfaction with their jobs than franchise managers and retail workers in both countries.

Earning Expectations: Respondents were asked whether their earnings were meeting their expectations. In both countries, respondents with less than two years of work experience reported similar ratings in all three distribution sectors. For respondents with two or more years of experience, direct sellers reported ratings that were equal to or more positive than the ratings of those in the other two sectors in both countries.

Difficulty of Achieving Earnings: In both countries, regardless of level of work experience, direct seller respondents reported a significantly lower perception of difficulty in achieving earnings as compared with retail workers and franchise managers.

¹ Directive 85/577 on the protection of consumers in respect of contracts negotiated away from business premises (OJ 1985 L 372/3L).

Comprehensibility of Remuneration System: In both countries, regardless of level of work experience, direct seller ratings for ease of understanding their compensation system were equal to or greater than the ratings given by respondents from the other two sectors.

Quality of Training: Not all respondents received training within six months of responding to the survey, but a majority did. For those with less than two years of experience, franchise managers reported receiving more hours of training than the other two sectors. For those with more than two years of experience, direct sellers reported receiving more training than the other two sectors. In both countries, direct sellers also reported higher satisfaction with training than respondents from the other two sectors, regardless of level of work experience.

Obligation to Purchase: Not all respondents reported purchasing products sold by their company, but a majority did. Generally in both countries, direct sellers reported the lowest monthly expenditure on these products, regardless of level of work experience. In both countries, respondents from all three sectors reported feeling a similarly low obligation to purchase these products, regardless of level of work experience.

Perceptions of the Organization's Hierarchy. A person's perception of the organization's hierarchy is dependent in part on how many people the person knows within that hierarchy. Generally in both countries, this knowledge for direct sellers was higher than (or equivalent to) the knowledge for respondents in the other two sectors, regardless of level of work experience. A person's perception of the organization's hierarchy is also dependent on how many levels the person believes the organization has. For direct sellers, confidence in estimating the number of organizational levels was lower than the confidence reported by respondents from either one or both of the other two sectors, regardless of level of work experience.

Company Response to Problems: Respondents were asked about how they felt their company would respond to worker problems. Generally in both countries, direct seller respondents reported more positive ratings than respondents from the other two distribution sectors, regardless of work experience.

Invasion of Privacy: Generally in both countries, regardless of level of work experience, retail workers and direct sellers reported a similar perception that their work involved invasion of privacy, and both were higher than the perception of franchise managers. In both countries, the direct seller respondents reported a significantly higher perception that their work involves rejection, regardless of level of work experience.

2 In this report, the words "job" and "work" are used to refer to activities pursued by an individual for remuneration, either as a legal employee or as an independent business person. In this report, "employment" refers generally to a respondent's activities in any of the three sectors surveyed, but does not necessarily imply the legal status conferred upon an employer/employee relationship

Introduction to the Research and Methods



2.1 Research Objectives

Policy makers, practitioners, and researchers recently have been discussing possible revisions to the European regulation of door-to-door selling, multi-level marketing, and pyramid selling, leading to the forthcoming revision of Directive 85/577. Consideration is also being given to the introduction of the first harmonized European Union legislation specifically directed at multi-level marketing.³

The process of developing this harmonized legislation has raised questions about the attitudes and practices of those who work as direct sellers. These questions have identified a number of key areas where empirical information has not to date been widely available. More specifically, there is a gap in the data available to stakeholders and policy makers regarding the actual practices, activities, and motivations of direct sellers.

The research described in this paper was designed to contribute to these ongoing policy discussions. More specifically, this report summarizes research that will help to answer the following questions about the attitudes and practices of direct sellers:

- Are direct sellers satisfied with their job?
- Are direct sellers achieving their expected earning levels?

- Do direct sellers feel it is easy or difficult to make money in this sector?
- Do direct sellers feel it is easy or difficult to learn their company's compensation system?
- How do direct sellers rate the quality of the training they have received?
- Do direct sellers feel an obligation to purchase products sold by their company?
- Are direct sellers aware of where they are in the organization's hierarchy?
- How do direct sellers rate their company's ability to respond to problems?
- How much invasion of privacy do direct sellers feel their job entails?

2.2 Comparing Direct Selling with Other Business Sectors

Understanding the attitudes and practices of those who work in a business sector often requires understanding how these attitudes and practices compare with those of other similar business sectors. Appropriate comparison points are necessary because harmonized legislation for a particular distribution sector (such as direct selling) must not establish unintended competitive advantages or disadvantages for that sector in relation to competing sectors. As compared with single-sector research,

³ Stakeholder and policy-maker consensus has already been established on the need for a harmonized definition of pyramid selling and for a prohibition against it.

comparative research can better help policy makers and managers to determine whether a particular finding is relatively bad or relatively good, and whether or not a policy should therefore be designed to address one business sector or several.

For example, if a direct seller rates the quality of his or her job training as 4 on a scale from 1 to 7, it is important to know whether this rating is higher or lower than the rating given by someone who works in a similar sector. By reporting comparative ratings of workers across three business sectors, this study not only helps to support the appropriate application of the community law principle of proportionality, but also assists in providing data for assessing the business impact of new legislation.

Although comparison points are important, direct selling includes a wide range of potential activities. It is therefore difficult to choose a single appropriate comparison. Some direct sellers spend a large proportion of their time selling to consumers. Others spend a larger proportion of their time managing a network of distributors. Therefore two distribution sectors – retailing and franchising – were chosen as comparison sectors for this research.

The remainder of this section compares and contrasts the three distribution sectors examined in this study.

2.2.1 Direct Sellers

A direct seller is an independent contractor who sells and/or distributes products and services directly to consumers in a person-to-person manner. Direct sellers

perform these activities away from permanent retail locations – for example at a consumer’s home or place of work. Direct sellers are usually paid strictly a commission for their work. Some also recruit and train other direct sellers and then earn commission on the sales of those whom they recruit.⁴

2.2.2 Retail Workers

Retail workers are hired by companies to work as either part-time or full-time employees. These people work on a permanent retail premise such as a shop or department store, and they assist customers with the selection and purchase of goods. They normally are paid an hourly wage or a salary, although they sometimes receive a commission incentive.⁵

There are many differences between retail workers and direct sellers. For example, retail workers are paid an hourly wage and work in a permanent retail location while direct sellers work on commission away from fixed retail outlets.

However, like retail workers, some direct sellers spend a large percentage of their working hours interacting with customers. Retail workers and direct sellers also both take primary responsibility for the day-to-day selling of products and services. Thus, the attitudes and practices of retail workers provide a useful comparison point for understanding the attitudes and practices of direct sellers.

2.2.3 Franchise Managers

As mentioned above, some direct sellers not only sell and distribute products and services, but also recruit and

4 This definition mirrors that used by the Federation of European Direct Selling Associations.

5 This definition was adapted from Stern, El-Ansary & Coughlan (1996), *Marketing Channels* (Fifth Edition), Saddle River, NJ: Prentice Hall.

manage a network of distributors. Because of this, franchising was chosen as a second comparison sector. Franchise managers are independent business managers who agree to run their business according to a set of rules and regulations established by the franchisor. They also agree to pay the franchisor a fee for permission to operate the franchise. Franchise managers draw their earnings from the profits earned by their franchise business.⁶

There are many differences between franchise managers and direct sellers. For example, franchise managers usually make a much larger financial commitment before starting a business, while direct sellers generally pay only a nominal (and mostly refundable) fee for a business starter kit.

However, like franchise managers, some direct sellers manage their own independent business, which accounts for significant revenues and profits. Thus, the attitudes and practices of franchise managers provide an additionally useful comparison point for understanding the attitudes and practices of direct sellers.

2.3 Comparing Different Jurisdictions

Surveying respondents in only one country can raise questions about how unique a study's findings are to the particular country examined. Therefore, this research not only compared the attitudes and practices of retail workers, franchise managers and direct sellers, but also

made comparisons between two countries: Germany and the United Kingdom. These two countries, which represent EU examples of civil-law and common-law jurisdictions, are among the largest European markets for these three business sectors. Furthermore, the two countries differ in terms of the way in which they regulate these business sectors. Surveying respondents in both of these countries provides an additional opportunity for useful comparisons and contrasts.

2.4 Summary of Research Methodology

The responses for this research were collected via survey interviews performed by professional telephone researchers during February and March, 2000. The survey was written first in English, then translated into German, then (to check translation accuracy) back-translated by a different translator into English. Most of the survey involved reading statements to respondents and asking them to agree/disagree on a scale from 1 to 7, where 1 is strongly disagree and 7 is strongly agree.

The responses were then submitted to factor analysis and correlation analysis to understand the relationships among questions and to assess question bias. Once the appropriate questions were grouped together and potentially biased questions were removed, results were submitted to an analysis of variance (ANOVA) to compare sector responses. Only differences with a statistical confidence level of 95% or greater are reported.

⁶ This definition was adapted from Stern, El-Ansary & Coughlan (1996), Ibid.

⁷ A "qualified respondent" is someone who answered "yes" to the question of whether or not they were a retail worker, a franchisee, or a direct seller.

Because of length considerations for this report, only brief details regarding the methodology (including a brief introduction to factor analysis, correlation analysis, and ANOVA) are reported in the Methodological Appendix.

2.5 Research Commissioning, Management and Performance

This research was directed and performed by Professor Kent Grayson. Professor Grayson has been on the faculty at London Business School since 1994, having earned his doctorate in marketing from the USA's Kellogg Graduate School of Management. For nearly 10 years, one of Professor Grayson's primary research interests has been direct selling and, in particular, network marketing. His published work on the topic includes an article in the *International Journal of Research in Marketing* (1998, v. 15, pp. 401-426), chapters in two books (*Networks in Marketing* 1996, *Servicescapes* 1998), and an article in the *Financial Times* "Mastering Marketing" series (2000). More information about Professor Grayson can be found at the web site for London Business School (www.london.edu), where faculty listings are provided by surname.

The data collection for this project was managed by FDS International, an independent market research firm. Founded in 1972, FDS is one of the United Kingdom's top 20 market research firms providing quantitative market research. This research project was managed by two FDS

directors, Sue Cartmel and Sheila Carey. More information about FDS and its directors can be found at the company Web site (www.fds.co.uk).

The research was commissioned by five direct selling companies that operate in both the United Kingdom and Germany: Amway, Herbalife, Mary Kay, Oriflame, and PartyLite.

The cost for the study was approximately 44,000 British Pounds (or 74,000 Euro). All of these funds were used to cover the costs of data collection. Professor Grayson's time and the resources at London Business School were provided without charge, as part of on-going research on distribution management and principal-agent relationships.

2.6 Respondents

A total of 5611 qualified respondents were contacted by telephone to complete a 20-minute telephone survey.⁷ A total of 1474 people completed the survey, resulting in an overall response rate of 26%. This is within the range of typical response rates for telephone interviews that focus on business attitudes and practices.

Aside from sector of employment, no effort was made to achieve quota samples (e.g., age, experience, gender or other characteristics). Although the 1474 respondents cannot therefore be judged as statistically representative

⁷ A "qualified respondent" is someone who answered "yes" to the question of whether or not they were a retail worker, a franchisee, or a direct seller.

of a particular sector, this data set does provide a strong empirical basis for providing statistically significant results regarding the responses of this large sample of nearly 1500 workers.

The table below illustrates the number of interviews performed for each sector in each country. The remainder of this section describes these interview respondents in more detail.

| | Germany | United Kingdom |
|---------------------------|----------------|-----------------------|
| <i>Retail Workers</i> | 250 interviews | 250 interviews |
| <i>Franchise managers</i> | 207 interviews | 250 interviews |
| <i>Direct Sellers</i> | 267 interviews | 250 interviews |

A total of 500 retail workers completed this survey (250 in the UK and 250 in Germany). The names of those contacted were drawn randomly from commercially available lists in the UK and Germany.⁸ In both countries the retail workers who responded represented companies selling a range of typical products including food, household goods, hardware, stationery, toiletries, alcohol, and newspapers and confectionery.

A total of 457 franchise managers completed this survey (250 in the UK and 207 in Germany). The names of those contacted were drawn randomly from commercially available lists in the UK and Germany. In both countries, the franchise managers who were contacted managed a wide range of business types, including not only restaurants and copy shops but also opticians and car rental companies.

A total of 517 direct sellers completed this survey (250 in the UK and 267 in Germany). The names of those contacted were drawn randomly from lists provided by five major direct selling companies operating in both Germany and the UK.⁹ A minimum quota sample of 50 respondents per company per country was sought and was achieved for all but one company, where the number of German respondents reached only 40.

For more details regarding survey respondents, please refer to the Respondent Appendix.

⁸ For an example of the type of company that provided the lists for this study, see the Web site for Sample Answers (www.sampleanswers.com), and look at their section on business-to-business (B2B) research.

⁹ To guard against company bias in providing lists, each company provided three to five times the number of respondent names required to complete the survey, and calls were made randomly from these larger lists. Also, as shown in Appendix Two, the direct sellers who responded to the survey represented a fairly wide range of ages, years of experience, and hours worked per week, which also suggests no systematic list bias.

3

Interpreting the Research Results

3.1 Significance versus Size

The purpose of this study was to compare the perceptions of people working in different business sectors. When interpreting the results of these comparisons, it is important to recognize the difference between the statistical significance of a difference and the size of a difference. When the word “significant” is used in this report, it refers to statistical significance, not to size.

To illustrate, suppose that television viewers were asked to rate two television programs. Suppose that, on a scale from one to seven, viewers gave Program A an average rating of 5.5 and Program B an average rating of 5.3.

These average ratings suggest that Program A was liked more than Program B. However, a statistical analysis might show that the difference between these ratings is not statistically significant. Lack of statistical significance means that, despite the difference in the averages, one cannot conclude that Program A was generally liked overall more than Program B. There is too much variance in the ratings for the averages to appropriately illustrate the results.

Alternatively, a statistical analysis might indicate (with 95% confidence) that there is a statistically significant difference between the ratings of Program A and Program B. This means that the averages are illustrative of the overall ratings and that Program A was generally and consistently liked more than Program B. However, the size of this difference is only 0.2 on a seven-point scale. It is therefore worth asking whether this difference is large enough to worry the makers of Program A. The difference between the program's ratings is statistically significant but arguably small.

Again, when the word “significant” is used in this report, it refers to statistical significance, not size.

3.2 Measurement

As described in the Methodological Appendix, this research used standard statistical methods to minimize concerns about question bias. For the most part, these concerns were reduced considerably, but this report highlights those areas where there is greater uncertainty about the attitude measurement.

The Structure of This Report

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The next several pages report the survey results. These pages are divided by research question, with a separate sub-section for each question.

After addressing each of the research questions, the report concludes with a Methodological Appendix and a

Respondent Appendix. There is also a Questionnaire Appendix, which includes all of the survey questions used to answer the research questions cited at the outset of this report.

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Issue One: Job Satisfaction

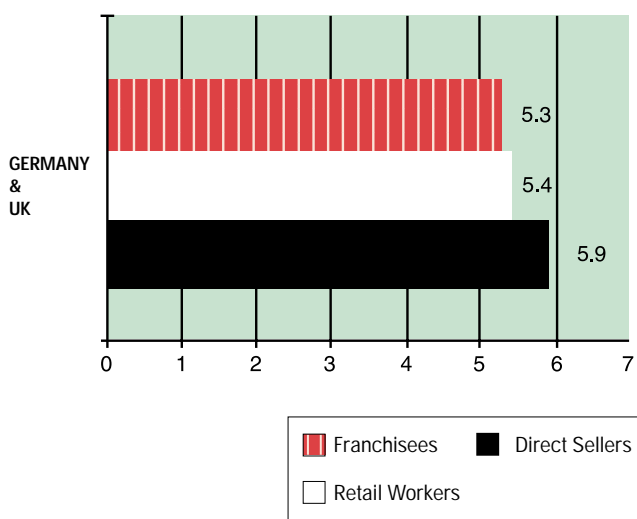
Satisfaction with employment was measured using four questions. Respondents were asked to indicate their agreement or disagreement with statements describing how satisfied they are with their job. They indicated their views using a scale from 1 to 7, where 1 indicates low satisfaction and 7 indicates high satisfaction. The answers to all four questions had a high correlation, so a composite measure was constructed representing an average of the four.

For these ratings overall, there were no significant differences between countries. In both countries, direct sellers rated their satisfaction significantly higher than both retail workers and franchise managers. In both countries, retail workers and franchise managers did not give significantly different ratings.

A further comparison was made between workers with similar levels of experience in each sector. The effects shown above were found to be true for those with more than two years of work experience in their respective sectors. For those with less than two years of experience, there were no sector differences in satisfaction in either country.

Summary of Research Findings: In both countries, respondents with less than two years of work experience reported the same level of job satisfaction in all three distribution sectors. For respondents with two or more years of experience, direct sellers reported significantly more satisfaction with their jobs than franchise managers and retail workers in both countries.

Average Ratings: Satisfaction with the Job

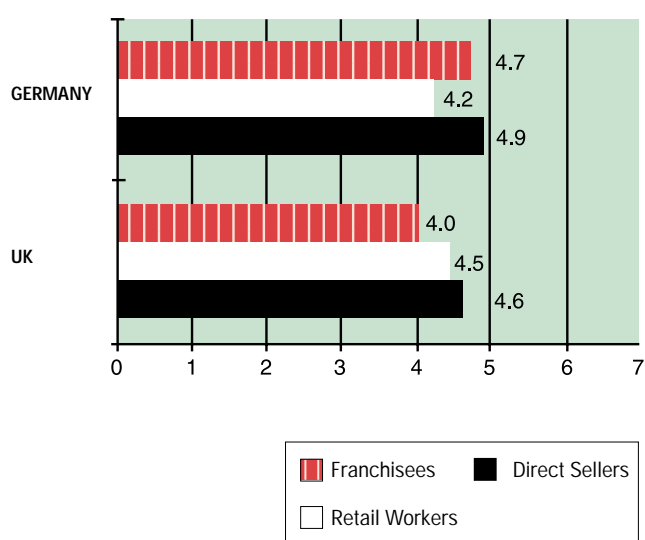


Issue Two: Earnings Expectations

Achievement of expected earning level was measured using four questions. Respondents were asked to indicate their agreement or disagreement with statements describing whether or not they felt they were meeting their earnings expectations. They used a scale from 1 to 7, where 1 indicates not meeting expectations at all and 7 indicates meeting expectations very well.

One of these questions was removed because it did not correlate highly with the other four. The answers to the remaining three questions had a high correlation, so a composite measure was constructed representing an average of the three.

Average Ratings: Achieving Expected Earnings Levels



For the three retained ratings, the response pattern for German respondents was significantly different than the pattern for UK respondents. In Germany, direct sellers and

franchise managers did not give significantly different ratings from one another, but both were higher than retail workers. In the United Kingdom, direct sellers and retail workers did not give significantly different ratings from one another, but both were higher than franchise managers.

A further comparison was made between workers with similar levels of experience in each sector. The effects shown above were found to be true for those with more than two years of work experience in their respective sectors. For those with less than two years of experience, there were no sector differences in achieving expected earnings levels in either country.

To enrich our understanding of the above results, respondents were asked a fifth question:

- How are your (direct selling / franchise / retail) earnings in relation to your expectations?
Are you currently earning
 - a) much less than,
 - b) somewhat less,
 - c) about what,
 - d) somewhat more,
 - e) much more than expected?

The tally of responses to this question (see table on next page) indicate a pattern similar to that shown in the previous questions. In Germany, the percentage of retail workers reporting that earnings fall short of expectations

was significantly higher than the percentage of franchise managers and direct sellers (which were not significantly different from each other). In the United Kingdom, the percentage of franchise managers reporting that earnings fall short of expectations was significantly higher than the percentage of retail workers and direct sellers (which were not significantly different from each other).

A notable additional finding is that, in Germany, the percentage of direct sellers reporting that their earnings exceed expectations was significantly higher than the percentage of franchise managers and retail workers (which were not significantly different from each other). In the United Kingdom, the percentage of respondents reporting that earnings exceed expectations did not differ significantly between sectors.

As with the results described on the previous page, the differences reported in the table below were more typical of those with more than two years of experience than of those with less than two years of experience.

Percent of Respondents Whose Said Their Earnings Exceed, Meet, or Fall Short of Expectations

| | <i>Earnings Fall Short of Expectations</i> | <i>Earnings Meet Expectations</i> | <i>Earnings Exceed Expectations</i> |
|---------------------------|--------------------------------------------|-----------------------------------|-------------------------------------|
| GERMANY | | | |
| <i>Franchise managers</i> | 35% | 43% | 22% |
| <i>Retail Workers</i> | 54% | 36% | 10% |
| <i>Direct Sellers</i> | 28% | 34% | 38% |
| UNITED KINGDOM | | | |
| <i>Franchise managers</i> | 42% | 41% | 17% |
| <i>Retail Workers</i> | 28% | 57% | 15% |
| <i>Direct Sellers</i> | 24% | 55% | 21% |

Summary of Research Findings: In both countries, respondents with less than two years of work experience reported similar ratings regarding earning expectations in all three distribution sectors. For respondents with two or more years of experience, direct sellers reported ratings that were equal to or more positive than the ratings of those in the other two sectors in both countries.

Issue Three: Effort Required for Expected Earnings



The perceived need to commit time in order to make money was measured using six questions. Respondents were asked to indicate their agreement or disagreement with statements describing how much effort was required to earn money in this sector. They indicated this using a scale from 1 to 7, where 1 indicates that very little time and effort are required and 7 indicates that very much time and effort is required.

Three of these questions were removed because they did not correlate highly with the other three. The answers to the remaining three questions had a high correlation, so a composite measure was constructed representing an average of the three. There is a reasonable confidence that these three measures are an accurate reflection of the same attitude. However, because half of the questions were removed and because the correlation between the remaining items is only marginally acceptable, this confidence is lower than with other measures reported in this study.

For the three retained ratings, there were no significant differences between countries. In both countries, franchise managers rated the need to commit time significantly higher than retail workers, who in turn gave significantly higher ratings than direct sellers. This effect was found for respondents at all levels of experience.

Average Ratings: The Need to Commit Time to Make Money



Summary of Research Findings: In both countries, regardless of level of work experience, direct seller respondents reported a significantly lower perception of difficulty in achieving earnings than retail workers and franchise managers.

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Issue Four: Comprehensibility of Remuneration System

Comprehensibility of remuneration system was measured using four questions. Respondents were asked to indicate their agreement or disagreement with statements describing how well they understand their company's compensation system. Because franchise manager compensation is significantly different from compensation in the other two sectors, the wording for franchise manager respondents was slightly different than for the other two sectors (as indicated in the Questionnaire Appendix). However, all respondents used a scale from 1 to 7, where 1 indicates very low comprehensibility and 7 indicates very high comprehensibility.

The answers to all four questions had an acceptable correlation (but only marginally so), and a composite measure was therefore constructed representing an average of all four.

For these ratings, the response pattern for German respondents was significantly different than the pattern for UK respondents. In Germany, the only significant difference was between direct sellers and retail workers, with direct sellers giving a significantly higher rating regarding ease in understanding the compensation system. In the UK, retail workers and franchise managers were not significantly different, but both gave significantly lower ratings than direct sellers. This effect was found for respondents at all levels of experience.

Average Ratings: Ease of Understanding Compensation



Summary of Research Findings: In both countries, regardless of level of work experience, direct seller ratings for ease of understanding their compensation system were equal to or greater than the ratings given by respondents from the other two sectors.

Issue Five: Training

In Germany, 35% of retail workers, 31% of franchise managers, and 24% of direct sellers reported receiving no training from their current company within six months of being surveyed. In the UK, 19% of retail workers, 21% of franchise managers, and 9% of direct sellers reported receiving no training from their current company within six months of being surveyed.

Those who did receive training were asked how many hours of training they had received for their work within the past six months. They were also asked four questions about their level of satisfaction with their training. In answering these questions, respondents used a scale from 1 to 7, where 1 indicates high dissatisfaction with training and 7 indicates high satisfaction. The answers to these questions had a high correlation, so a composite measure was constructed representing an average of each.

With regard to hours of training received, there were no significant differences between countries. Overall in both countries, direct sellers reported receiving significantly more hours than franchise managers, who in turn reported receiving significantly more hours than retail workers. However, for respondents with less than two years of work experience, franchisees received more training than retail workers and direct sellers (who each received the same amount of training). For those with more than two years of experience, direct sellers received more training than retail

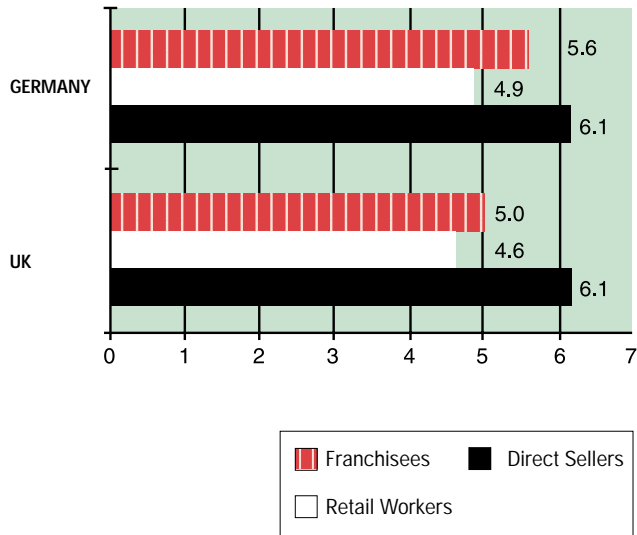
workers and franchisees (who each received the same amount of training).

Hours of Training Received in the Past Six Months
(those who did not receive training were not included in analysis)



In terms of satisfaction with training, the pattern of results for German respondents and for UK respondents were similar, but the UK's pattern was significantly more pronounced than Germany's pattern. In both countries, the ratings given by direct sellers were significantly higher than the ratings given by franchise managers, which in turn were significantly higher than the ratings given by retail workers.

Average Ratings: Satisfaction with Training Received
(those who did not receive training were not included in analysis)



A further comparison was made between workers with similar levels of experience in each sector. The effects shown above were found to be true for those with more than two years of work experience in their respective sectors. For those with less than two years' experience, there were no country differences, but the differences between sectors showed the same relative pattern.

Summary of Research Findings: Not all respondents received training within six months of responding to the survey, but a majority did. For those with less than two years of experience, franchise managers reported receiving more hours of training than the other two sectors. For those with two or more years of experience, direct sellers reported receiving more training than the other two sectors. In both countries, direct sellers also reported higher satisfaction with training than respondents from the other two sectors, regardless of level of work experience.

Issue Six: Purchase Obligations

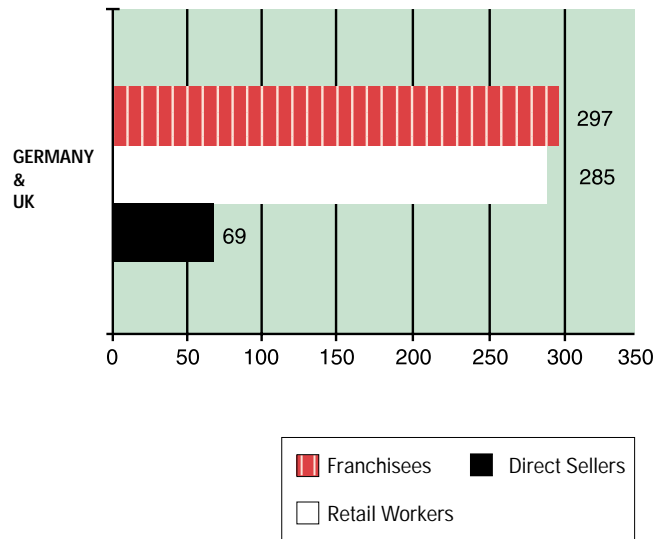
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In Germany 36% of retail workers, 95% of franchise managers, and 96% of direct sellers reported buying products that their company sold. In the UK 80% of retail workers, 86% of franchise managers, and 97% of direct sellers reported buying products that their company sold.

Those who did buy products were asked how much, on average, they tend to purchase per month. They were also asked four questions about how obligated they feel to buy these products. In answering these questions, respondents used a scale from 1 to 7, where 1 indicates feeling a very low obligation and 7 indicates feeling a very high obligation. The answers to these questions had a high correlation, so a composite measure was constructed representing an average of each.

In terms of amount purchased, there were no significant differences between countries. In both countries, the amount purchased by retail workers and franchise managers was not significantly different, but both were significantly higher than the amount purchased by direct sellers.

Average Monthly Expenditure (in British Pounds)
(those who did not purchase were not included in analysis)



A further comparison between workers with similar levels of experience in each sector revealed some variations from this pattern, both between countries and between sectors. Overall, franchise managers most frequently reported having the highest monthly expenditure and direct sellers reported having the lowest monthly expenditure. However, retail workers sometimes reported the highest expenditure and, for one group (UK franchise managers with less than two years of experience) franchise managers reported the lowest expenditure.

In terms of obligation to purchase, there were no significant differences between countries. In both countries, regardless of level of experience, the amount of obligation felt to purchase company products was not significantly different between any of the sectors.

Average Ratings: Level of Obligation to Purchase
(those who did not purchase were not included in analysis)



Summary of Research Findings: Not all respondents reported purchasing products sold by their company, but a majority did. With one exception (mentioned above), direct sellers reported the lowest monthly expenditure on these products, regardless of level of work experience. In both countries, respondents from all three sectors reported feeling a similarly low obligation to purchase these products, regardless of level of work experience.

Issue Seven: Perceptions of Organization's Hierarchy

A person's perception of the organization's hierarchy is dependent in part on how many people the person knows within that hierarchy. Therefore, respondents were asked to think of their primary supervisory contact associated with their business.¹⁰ For retail workers, this was referred to as their "direct supervisor," for franchise managers this was their "primary contact at your franchisor company," and for direct sellers this was their "direct upline." Respondents were then asked if they could name the person above their primary contact in the organization's hierarchy and, if so, how many individuals beyond this person they could name.

For this question, the response pattern for German respondents was different than for UK respondents. In Germany, the number of people named by retail workers and franchise managers was not significantly different, but both were significantly lower than the number named by direct sellers. In the UK, none of the sectors were significantly different from one another.

Number of Named People Beyond Supervisor's Supervisor



A further comparison between workers with similar levels of experience in each sector revealed some variations from this pattern. For respondents with less than ten years of experience, there were no country differences, and the number named by direct seller respondents was significantly higher than the number named by respondents from the other two sectors. For respondents with more than ten years of experience, there were country differences. In Germany, franchise managers and retail workers could name more people than direct sellers. In the UK, franchise managers and direct sellers could name more people than retail workers.

A person's perception of the organization's hierarchy is also dependent on how many levels the person believes the organization has. Those who are relatively unsure

¹⁰ Note that, for direct selling, the words 'supervisor' and 'hierarchy' refer to individuals who take responsibility for training and motivating other individuals and do not indicate either a financial or legal relationship

about how many levels the organization has may be more likely to feel uncertain about their place in the hierarchy than those who are relatively sure. Respondents were therefore asked to estimate the number of levels between them and the person at the top of the company or network. Then they were asked what level of confidence they had in the accuracy of their estimate.

Here again, the response pattern for German respondents was different than the pattern for UK respondents. In Germany, regardless of work experience, the confidence in estimating levels was not significantly different for retail workers and franchise managers, but these ratings were significantly higher than the confidence of direct sellers. In the UK, franchise managers' confidence in estimating levels was significantly higher than the direct sellers' confidence, which in turn was significantly higher than the retail workers' confidence (although for respondents with less than two years of work experience, the pattern in the UK was more similar to that in Germany).

Note that both of the measures reported in this section are based on single questions, not a combination of several questions (as in other sections). Furthermore, there was a low correlation between the answers to these two questions, indicating that they were each measuring different things. Therefore, these response patterns must be evaluated more tentatively than the others reported in this report (see the Methodological Appendix).

Summary of Research Findings: A person's perception of the organization's hierarchy is dependent in part on how many people the person knows within that hierarchy. With one exception (mentioned above), this knowledge for direct sellers was higher than or equivalent to the knowledge for respondents in the other two sectors, regardless of level of work experience. A person's perception of the organization's hierarchy is also dependent on how many levels the person believes the organization has. For direct sellers, this confidence was lower than that reported by respondents from either one or both of the other two sectors, regardless of level of work experience.

Average Ratings: Confidence in Estimating Levels to the Top

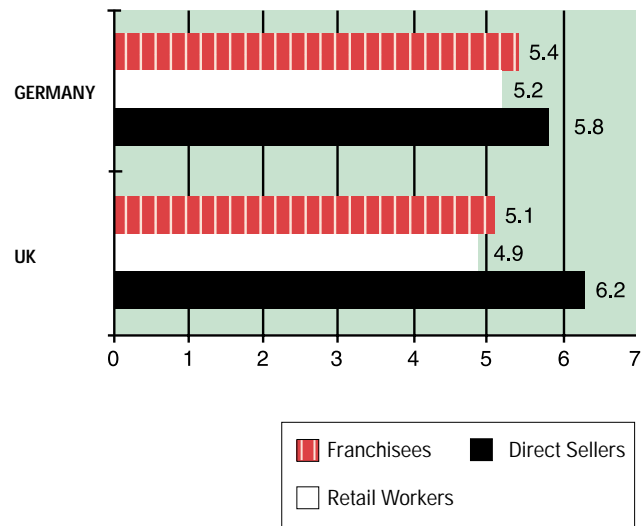


Issue Eight: Company Response to Worker Concerns

Perception of the company's ability to respond to problems (as defined by the survey respondent) was measured using four questions. Respondents were asked to indicate their agreement or disagreement with statements describing how well their company responds to problems. They indicated this agreement or disagreement using a scale from 1 to 7, where 1 indicates that the company responds very poorly and 7 indicates that the company responds very well. The answers these questions had a high correlation, so a composite measure was constructed representing an average of all four.

For these ratings, regardless of experience, the pattern of results for German respondents and for UK respondents were similar, but the UK's pattern was significantly more pronounced than Germany's pattern. In both countries, the ratings given by direct sellers were significantly higher than the ratings given by franchise managers, which in turn were significantly higher than the ratings given by retail workers. The only exception to this pattern was German respondents with more than ten years of experience. For these respondents, the ratings given by all respondents were fairly similar, with franchise managers giving a somewhat higher rating than respondents from the other two sectors.

Average Ratings: Company's Response to Problems



Summary of Research Findings: With one exception, direct seller respondents reported more positive ratings than respondents from the other two distribution sectors, regardless of work experience or country.

13

Issue Nine: Invasion of Privacy

Perception of how much the worker feels she/he invades the privacy of others was measured using 2 questions. Respondents were asked to indicate their agreement or disagreement with two questions (described below). The correlation between these measures was not appropriately high, indicating that these two questions are measuring different things. Therefore, respondents' answers to these questions were not combined and the results for each measure are reported separately below.

Because this section looks at single questions rather than a combination of questions the response patterns must be evaluated more tentatively than the patterns reported in other sections (see the Methodological Appendix).

The first question asked whether the respondent's work involves bothering people. For the answers to this question, there were no significant differences between countries. In both countries, regardless of experience, there was no significant difference between the amount of bothering reported by retail workers and direct sellers, but both reported significantly higher levels than did franchise managers. The only exception was that, for German respondents with less than two years of experience, there were no significant differences between the ratings from different sectors.

How Much The Respondent's Work Involves Bothering People



A second question asked whether the respondent's work involves rejection. The answers produced a similar pattern of results for the two countries, but the pattern was significantly more pronounced in the UK. In both countries, regardless of work experience, direct sellers reported a significantly higher rate of rejection than retail workers, who in turn reported a significantly higher rate of rejection than franchise managers.

How Much The Respondent's Work Involves Rejection



Summary of Research Findings: With one exception (mentioned above) retail workers and direct sellers reported a similar perception that their work involved invasion of privacy, and both were higher than the perception of franchise managers, regardless of level of work experience or country. In both countries, the direct seller respondents reported a significantly higher perception that their work involves rejection, regardless of level of work experience.

[Note: the difference between German direct sellers and German retail workers is significant at a 93% confidence level rather than the 95% confidence level used for all other results in this report.]

Appendix One:

An Overview of Research Methodologies Used for this Study

The survey for this research was designed so that question bias and/or respondent inconsistency could be detected and minimized. This was accomplished by using at least two and at most four questions to address each of the key research questions. The next section describes why multiple items are useful for detecting and minimizing bias. After explaining why multiple questions are useful for minimizing bias, a brief explanation is provided regarding factor analysis and analysis of variance (ANOVA).

Why Use More Than One Survey Question?¹¹

As shown throughout this report, more than one survey question was used to assess respondent attitudes. Researchers often use multiple measures because this offers the opportunity to test statistically whether or not they are measuring what they intended to measure.

For example, in the present survey the following five questions were intended to measure respondents' earnings relative to their expectations:

- My earnings are [much less than, somewhat less than, equal to, somewhat more than, much more than] my expectations.
- The money I make from my [retail/franchise/direct selling] work is just about what I expected I would be making when I started.
- Given how long I have been working in [retailing/franchising/direct selling], my earnings are what I expected they would be.

- When I started out in [retailing/franchising/direct selling], I thought I was going to earn more money than I actually do.
- A lot of people start out in (direct selling / franchising / retail sales) with an inflated idea of how much they're going to earn.

Each of these five questions appears as if it might provide a good reflection of the respondent's earnings relative to expectations. However, no matter how well-worded a question is, there is always a chance that it may be interpreted by the respondent in a way that was not intended, especially when the questions are presented to respondents in different countries and in different languages. One way to reduce uncertainty about whether or not a question was misinterpreted is to assess statistically whether or not a respondent's answers to similar questions were similar. This is sometimes called assessing the correlation between the two responses.

For the five questions regarding earnings expectations, the first four questions correlated highly with one another, but the last question had a low correlation with the other four. This suggests that this fifth question was interpreted by respondents in a way that is different from their interpretation of the other four questions. Because the first four correlated highly with one another, there is a higher confidence that they are each measuring the same thing. However, because this fifth question stands alone, it is

¹¹ For more information on using multiple items for measurement, refer to Nunnally and Bernstein (1994), *Psychometric Theory* (New York, NY: McGraw Hill) and Maruyama (1998), *Basics of Structural Equations Modelling* (Thousand Oaks, CA: Sage).

unclear what it might be measuring so it was removed from the analysis.

There is another reason that a question may not perfectly measure what it is intended to measure. Some respondents may be influenced by the wording of a particular question and may therefore give an answer that does not entirely reflect their true feelings. For example, when asked to agree or disagree with a positively worded statement ("The money I make from my retail work is just about what I expected I would be making when I started.") the respondent may feel encouraged to answer positively even if the respondent's earnings were not quite what he/she expected. Alternatively, a question worded negatively ("When I started out in retailing, I thought I was going to earn more money than I actually do.") might suggest a negative image to the respondent and may therefore encourage the respondent to indicate dissatisfaction with earnings when the respondent is actually satisfied.

This is why both positively and negatively worded statements were used for this survey. When a high correlation exists between positive and negative statements, this indicates consistency on the part of the respondent and provides evidence that the wording of the question was not encouraging biased answers.

What is Factor Analysis?¹²

Factor analysis is a statistical method that helps researchers to group together survey questions that were answered similarly, and to distinguish survey questions

that were answered differently. Conceptually, it is similar to correlation analysis (described above), but it looks at both similarities and differences among questions.

The factor analysis performed for this study provided information about which questions were viewed by respondents as being similar to one another, and which ones were different. It also highlighted questions that were difficult to categorize because they did not correlate highly with other similar questions. As a result, six (out of 42) questions were removed. Removed items are indicated in the Questionnaire Appendix at the end of this report.

What is Analysis of Variance (ANOVA)?¹³

Analysis of variance is a statistical method used to analyze differences between groups.

For example, suppose that two groups of students took an exam and, on average, the first group did better than the second. Analysis of variance can be used to assess whether this difference occurred because of normal random variation or because of systematic differences between the student samples.

Similarly, analysis of variance was used in this study to determine whether different scores between countries or business sectors was the result of systematic differences between sectors or countries, or whether this difference occurred because of normal random variation.

12 For more information on factor analysis, refer to Grimm and Yarnold (1995), *Reading and Understanding Multivariate Statistics* (Washington, DC: American Psychological Association) and Nunnally and Bernstein *op. cit.*

13 For more information on ANOVA, refer to Keppel (1982), *Design and Analysis: A Researcher's Handbook*, (Englewood Cliffs, NJ: Prentice Hall) and Kachigan (1991), *Multivariate Statistical Analysis*, (New York, NY: Radius Press).

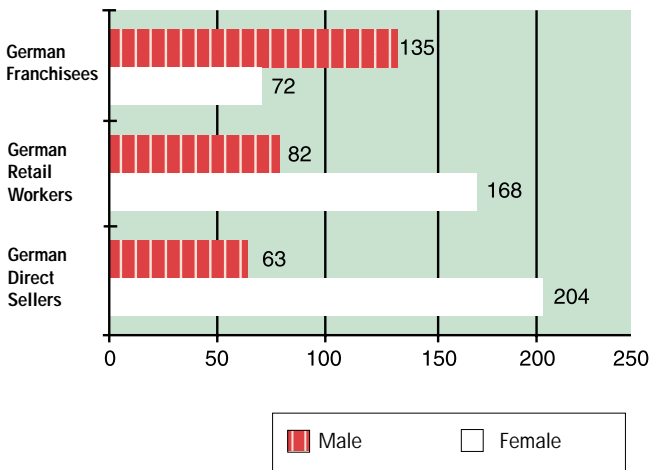
Appendix Two: Respondents

This Appendix reports detailed information regarding the attributes of those who responded to the survey.

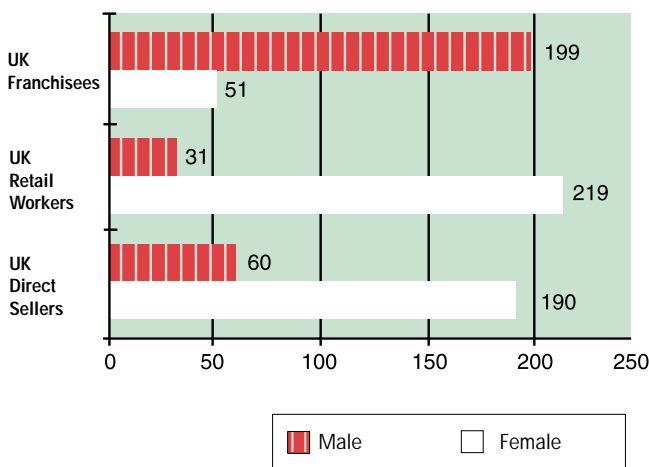
Gender of Respondents

As shown in the figures below, the gender pattern for respondents for both countries was roughly similar, except that the samples in Germany were somewhat more gender balanced than the UK samples.

Gender of German respondents (by sector)



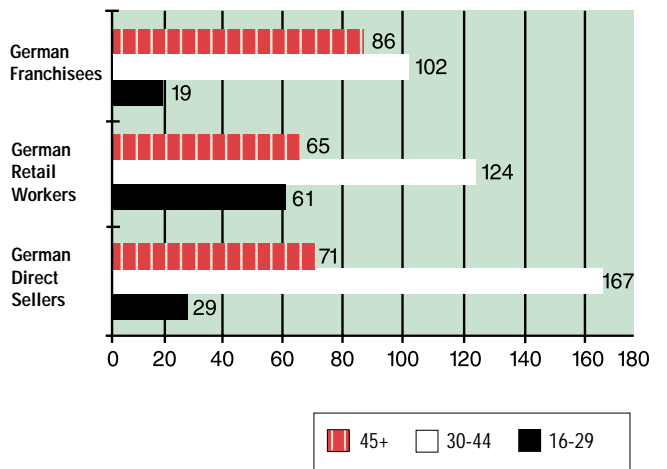
Gender of UK respondents (by sector)



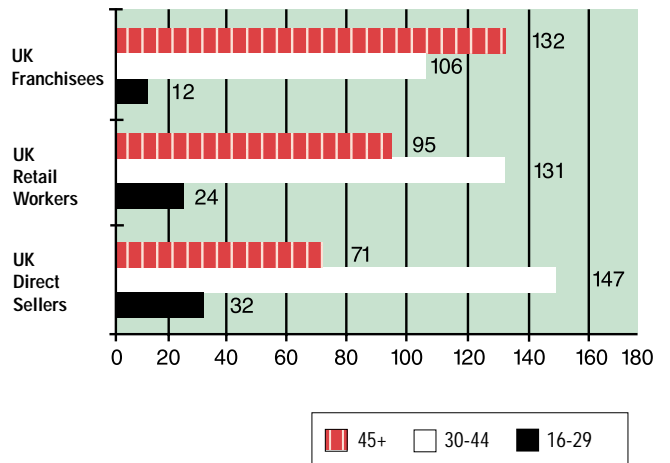
Age of Respondents

As indicated below, the distribution of respondents' age was different in Germany versus the UK. In Germany, retail workers were significantly younger than direct sellers who were in turn significantly younger than franchise managers. In the UK, direct sellers were significantly younger than retail workers, who were in turn significantly younger than franchise managers.

Age of German respondents (by sector)



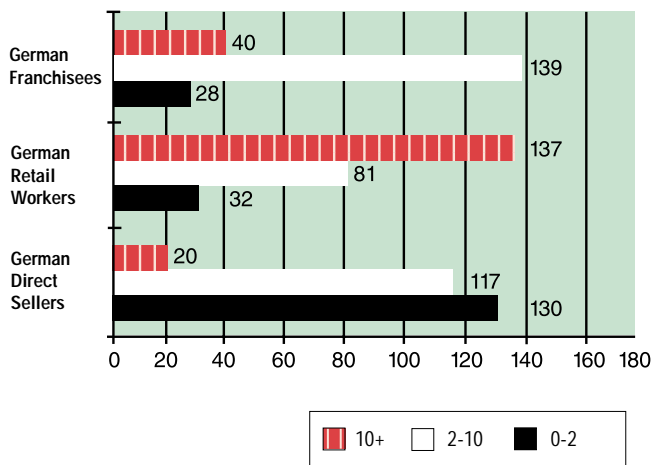
Age of UK respondents (by sector)



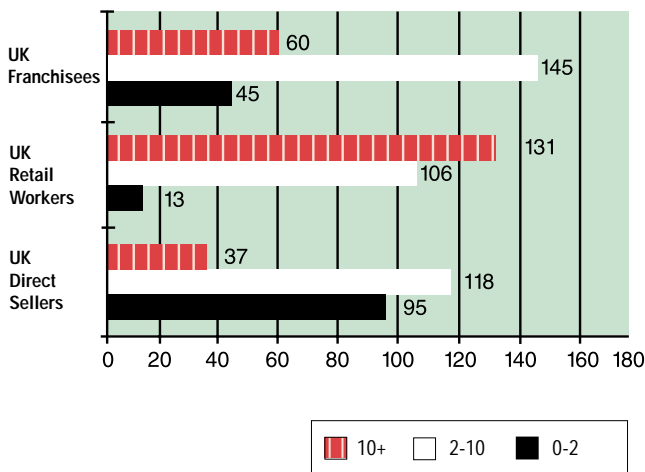
Respondents' Years of Experience

As shown below, the distribution of respondents' years of experience was roughly the same in both Germany and the UK. In both countries, the retail workers had significantly more years of experience than the franchise managers, who in turn had significantly more years of experience than the direct sellers. In this report, any potential bias from this difference in experience between sectors was examined by directly comparing respondents with similar levels of experience in each sector.

Years experience – German respondents (by sector)



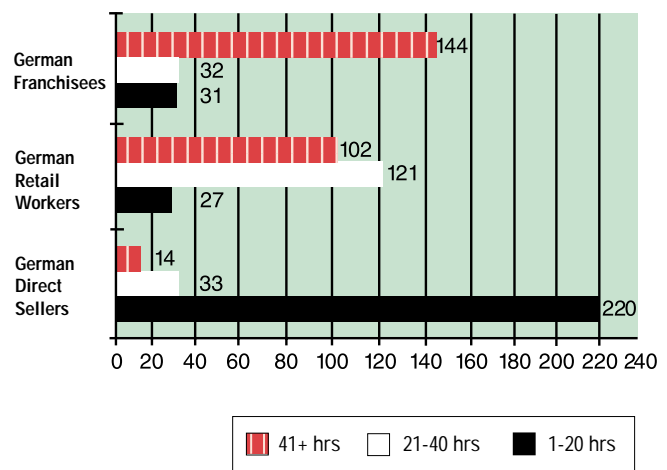
Years experience – UK respondents (by sector)



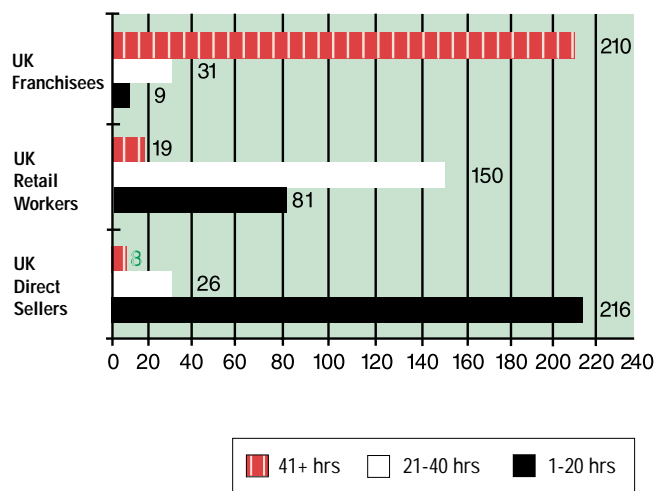
Hours Worked Per Week

The distribution of respondents' hours spent per week was not statistically different in Germany and the UK. In both countries, the franchise managers reported spending significantly more hours per week than the retail workers, who in turn reported significantly more hours than the direct sellers.

Hours per Week – German respondents (by sector)



Hours per Week – UK respondents (by sector)



Appendix Three: Questionnaire

This appendix lists the survey questions used for this research. First the questions are grouped according to similar topic areas. Then they are listed in the order in which they appeared on the survey.

Except where noted, respondents were asked to agree or disagree with the following statements using a scale of 1 to 7, where 7 is strongly agree and 1 is strongly disagree.

Questions Grouped According to Similar Topic

Job Satisfaction

- My (direct selling / franchise / retail) work gives me a lot of advantages beyond just money. 1 2 3 4 5 6 7.
- People like me are well suited for work in (direct selling / franchise management / retail selling). 1 2 3 4 5 6 7.
- Compared with other jobs I've had (direct selling / franchise management / retail sales) is MORE enjoyable. 1 2 3 4 5 6 7.
- Overall, I do NOT enjoy my (direct selling / franchise / retail) work. 1 2 3 4 5 6 7. ¹⁴

Earning Expectations

- How are your (direct selling / franchise / retail) earnings in relation to your expectations? Are you currently earning a) much less than, b) somewhat less, c) about what, d) somewhat more, e) much more than expected?
- The money I make from my (direct selling / franchise / retail) work is just about what I expected I would be making when I started. 1 2 3 4 5 6 7.

- Given how long I have been working (in direct selling / as a franchisee / in retailing), my earnings are what I expected they would be. 1 2 3 4 5 6 7.
- When I started out in (direct selling / franchise managership / retailing), I thought I was going to earn more money than I actually do. 1 2 3 4 5 6 7. ¹⁵
- A lot of people start out in (direct selling / franchising / retail sales) with an inflated idea of how much they're going to earn. 1 2 3 4 5 6 7. *(Removed from analysis because of poor validity.)*

Effort Required for Expected Earnings

- People who want to make a lot of money as a (direct sales representative / franchisee / retail salesperson) have to put in a lot of hours. 1 2 3 4 5 6 7.
- Most (direct sales representatives / franchise managers / retail workers) need to put in a lot of hours to make a lot of money. 1 2 3 4 5 6 7.
- In (direct selling / franchising / retail sales), you can make a lot of money without a lot of effort. 1 2 3 4 5 6 7. ¹⁶
- Making money as a (direct sales representative / franchisee / retail salesperson) depends more on luck than on hard work. 1 2 3 4 5 6 7. *(Removed from analysis because of poor validity.)*
- Whenever I put in more hours into my (direct selling / franchise / retail) work, I usually make more money. 1 2 3 4 5 6 7. *(Removed from analysis because of poor validity.)*
- I never know if spending more time on my (direct selling / franchise / retail) work will mean making more money. 1 2 3 4 5 6 7. *(Removed from analysis because of poor validity.)*

14 Because those who strongly agreed with this statement were indicating strong dissatisfaction with their job, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2 etc.. This allows for appropriate comparison with the preceding questions, where 7 indicates strong satisfaction with earnings.

15 Because those who strongly agreed with this statement were indicating strong dissatisfaction with their earning levels, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2, etc.

16 Because those who strongly agreed with this statement were indicating a low need to commit hours to their work, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2, etc.. This allows for appropriate comparison with the preceding questions, where a 7 indicates a high need to commit hours.

Comprehensibility of Remuneration Structures

- DIRECT SELLERS: Each month I have been in this business so far, I have understood exactly how my earnings were calculated. FRANCHISE MANAGERS: Each month I have been in this business so far, I have understood exactly how to calculate my personal earnings. RETAIL WORKERS: Each time I have received a paycheck, I have understood exactly how my earnings were calculated. 1 2 3 4 5 6 7.
- DIRECT SELLERS: It isn't hard to learn the system my company uses to calculate my earnings. FRANCHISE MANAGERS: It isn't hard to learn the system for calculating my personal earnings from this business. RETAIL WORKERS: It isn't hard to learn the system my company uses to calculate my earnings. 1 2 3 4 5 6 7.
- DIRECT SELLERS: My company uses a very complicated system to determine how much each person earns. FRANCHISE MANAGERS: I have to use a complicated system to determine my personal earnings from this business. RETAIL WORKERS: My company uses a very complicated system to determine how much each person earns.¹⁷ 1 2 3 4 5 6 7.
- DIRECT SELLERS: I have a hard time understanding how my company decides the amounts that people get paid. FRANCHISE MANAGERS: I have a hard time understanding how my franchisor company calculates its franchise fees. RETAIL WORKERS: I have a hard time understanding how my company decides the amounts that people get paid.¹⁸ 1 2 3 4 5 6 7. *(Removed from analysis because of poor validity.)*

Training

- Have you been given any training for your work as a (direct sales representative / franchisee / retail salesperson) (Yes go to next question, No go to next section)?

- Overall, how much training have received from your current (direct sales / franchise / retail) company? *A lot, a moderate amount, a little, none*
- Over the past six months, about how many hours of training have you received?
- The training I have received as a (direct sales representative / franchisee / retail salesperson) has been very good. 1 2 3 4 5 6 7.
- The training I have received as a (direct sales representative / franchisee / retail salesperson) has helped me to increase my earnings. 1 2 3 4 5 6 7.
- Most of the training courses available through my (direct selling work / franchise work / retail work) are a waste of time. 1 2 3 4 5 6 7.¹⁹
- The training courses I have had so far have had little effect on how I do my (direct selling / franchise / retail) work. 1 2 3 4 5 6 7.²⁰

Purchase Obligations

- Do you sometimes buy the products that you sell (Yes go to next question, No go to next section)?
- About how much do you spend on these products in an average month?
- When I buy the products that I sell, it's because I want to, not because I have to. 1 2 3 4 5 6 7.²¹
- Since I started as a (direct sales representative / franchisee / retail salesperson), I have felt obligated to buy the products that I sell. 1 2 3 4 5 6 7.
- The products I sell as a (direct sales representative / franchisee / retail salesperson) are the kinds of products I would buy even if I didn't have this job. 1 2 3 4 5 6 7.²²
- I feel pressure to buy an excessive amount of the products that I sell. 1 2 3 4 5 6 7.

17 Because those who strongly agreed with this statement were indicating strong agreement that the compensation plan is complicated, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2, etc.. This allows for appropriate comparison with the preceding questions, where a 7 indicates strong agreement that the compensation plan is uncomplicated.

18 Because those who strongly agreed with this statement were indicating strong agreement that the compensation plan is complicated, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2, etc.. This allows for appropriate comparison with the preceding questions, where a 7 indicates strong agreement that the compensation plan is uncomplicated.

19 Because those who strongly agreed with this statement were indicating a strong dissatisfaction with training, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2, etc.. This allows for appropriate comparison with the preceding questions, where a 7 indicates a high satisfaction with training.

20 Because those who strongly agreed with this statement were indicating a strong dissatisfaction with training, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2, etc.. This allows for appropriate comparison with preceding questions, where a 7 indicates a high satisfaction with training.

21 Because those who strongly agreed with this statement were indicating a low pressure to purchase products, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2 etc.. This allows for appropriate comparison with the preceding questions, where a 7 indicates a high pressure to purchase products.

22 Because those who strongly agreed with this statement were indicating a low pressure to purchase products, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2 etc.. This allows for appropriate comparison with the preceding questions, where a 7 indicates high pressure to purchase products.

Perceptions of Company Structure

Many of the people in your (network / franchisor's company / company) work for other people, and they have people who work for them. So your (network / franchisor's company / company) has a certain number of levels in it, with one person working for another.

- How many levels do you think there are between you and the person at the top of your (network / franchisor company / company)?
- How certain are you that the number you just gave is correct? (very uncertain, somewhat uncertain, somewhat certain, very certain)
- DIRECT SELLERS: Think about your direct upline. Can you name the person just above him or her in the network (Yes go to next question, No go to next section)?
FRANCHISE MANAGERS: Think about your primary contact at your franchisor company.
Do you know the name of his or her supervisor (Yes go to next question, No go to next section)?
RETAIL WORKERS: Think about your direct supervisor. Do you know the name of his or her supervisor (Yes go to next question, No go to next section)?
- How many levels beyond this person can you name?

Company Response to Worker Concerns

- If I had a problem with my (direct selling / franchise / retail) work, my (company / franchisor company / company) would do its best to solve it immediately. 1 2 3 4 5 6 7.
- If I had a concern about an aspect of my work, I am confident that my (company / franchisor company) would truly listen. 1 2 3 4 5 6 7.
- My (company / franchisor company) is not very responsive when it comes to problems and complaints. 1 2 3 4 5 6 7.²³
- Most of the executives who run my (company / franchisor company) seem to NOT care about people like me. 1 2 3 4 5 6 7.²⁴

Invasion of Privacy

- My (direct selling / franchise / retail) work involves a lot of rejection from customers. 1 2 3 4 5 6 7.
- My (direct selling / franchise / retail) work frequently requires talking to people at times when they don't want to be bothered. 1 2 3 4 5 6 7.

Questions Listed as they Appeared in the Survey

1. If I had a problem with my (direct selling / franchise / retail) work, my (company / franchisor company / company) would do its best to solve it immediately. 1 2 3 4 5 6 7.
2. The money I make from my (direct selling / franchise / retail) work is just about what I expected I would be making when I started. 1 2 3 4 5 6 7.
3. People who want to make a lot of money as a (direct sales representative / franchisee / retail salesperson) have to put in a lot of hours. 1 2 3 4 5 6 7.
4. DIRECT SELLERS: Each month I have been in this business so far, I have understood exactly how my earnings were calculated. FRANCHISE MANAGERS: Each month I have been in this business so far, I have understood exactly how to calculate my personal earnings. RETAIL WORKERS: Each time I have received a paycheck, I have understood exactly how my earnings were calculated. 1 2 3 4 5 6 7.
5. Given how long I have been working (in direct selling / as a franchisee / in retailing), my earnings are what I expected they would be. 1 2 3 4 5 6 7.
6. Making money as a (direct sales representative / franchisee / retail salesperson) depends more on luck than on hard work. 1 2 3 4 5 6 7. *(Removed from analysis because of poor validity.)*
7. DIRECT SELLERS: It isn't hard to learn the system my company uses to calculate my earnings. FRANCHISE MANAGERS: It isn't hard to learn the system for calculating my personal earnings from this business. RETAIL WORKERS: It isn't hard to learn the system my company uses to calculate my earnings. 1 2 3 4 5 6 7.

23 Because those who strongly agreed with this statement were indicating a low commitment from companies to respond to problems, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2, etc.. This allows for appropriate comparison with the preceding questions, where a 7 indicates a high commitment from companies.

24 Because those who strongly agreed with this statement were indicating a low commitment from companies to respond to problems, their answers to this question were reversed before analysis so that a 7 was turned into a 1, a 6 into a 2, etc.. This allows appropriate comparison with the preceding questions, where a 7 indicates a high commitment from companies.

8. My (direct selling / franchise / retail) work involves a lot of rejection from customers. 1 2 3 4 5 6 7.
9. When I started out in (direct selling / franchise managership / retailing), I thought I was going to earn more money than I actually do. 1 2 3 4 5 6 7.
10. Most (direct sales representatives / franchise managers / retail workers) need to put in a lot of hours to make a lot of money. 1 2 3 4 5 6 7.
11. DIRECT SELLERS: My company uses a very complicated system to determine how much each person earns. FRANCHISE MANAGERS: I have to use a complicated system to determine my personal earnings from this business. RETAIL WORKERS: My company uses a very complicated system to determine how much each person earns. 1 2 3 4 5 6 7.
12. If I had a concern about an aspect of my work, I am confident that my (company / franchisor company) would truly listen. 1 2 3 4 5 6 7.
13. A lot of people start out in (direct selling / franchising / retail sales) with an inflated idea of how much they're going to earn. 1 2 3 4 5 6 7. *(Removed from analysis because of poor validity.)*
14. Whenever I put in more hours into my (direct selling / franchise / retail) work, I usually make more money. 1 2 3 4 5 6 7. *(Removed from analysis because of poor validity.)*
15. DIRECT SELLERS: I have a hard time understanding how my company decides the amounts that people get paid. FRANCHISE MANAGERS: I have a hard time understanding how my franchisor company calculates its franchise fees. RETAIL WORKERS: I have a hard time understanding how my company decides the amounts that people get paid. 1 2 3 4 5 6 7. *(Removed from analysis because of poor validity.)*
16. My (company / franchisor company) is not very responsive when it comes to problems and complaints. 1 2 3 4 5 6 7.
17. How are your (direct selling / franchise / retail) earnings in relation to your expectations? Are you currently earning *a) much less than, b) somewhat less, c) about what, d) somewhat more, e) much more* than expected?
18. In (direct selling / franchising / retail sales), you can make a lot of money without a lot of effort. 1 2 3 4 5 6 7.
19. Most of the executives who run my (company / franchisor company) seem to NOT care about people like me. 1 2 3 4 5 6 7.
20. My (direct selling / franchise / retail) work frequently requires talking to people at times when they don't want to be bothered. 1 2 3 4 5 6 7.
21. I never know if spending more time on my (direct selling / franchise / retail) work will mean making more money. 1 2 3 4 5 6 7. *(Removed from analysis because of poor validity.)*
22. Have you been given any training for your work as a (direct sales representative / franchisee / retail salesperson) (Yes go to Q23, No go to Q29)?
23. Overall, how much training have received from your current (direct sales / franchise / retail) company? *A lot, a moderate amount, a little, none*
24. Over the past six months, about how many hours of training have you received?
25. The training I have received as a (direct sales representative / franchisee / retail salesperson) has been very good. 1 2 3 4 5 6 7.
26. The training I have received as a (direct sales representative / franchisee / retail salesperson) has helped me to increase my earnings. 1 2 3 4 5 6 7.
27. Most of the training courses available through my (direct selling work / franchise work / retail work) are a waste of time. 1 2 3 4 5 6 7.
28. The training courses I have had so far have had little effect on how I do my (direct selling / franchise / retail) work. 1 2 3 4 5 6 7. Many of the people in your (network / franchisor's company / company) work for other people, and they have people who work for them. So your (network / franchisor's company / company) has a certain number of levels in it, with one person working for another.
29. How many levels do you think there are between you and the person at the top of your (network / franchisor company / company)?
30. How certain are you that the number you just gave is correct? (very uncertain, somewhat uncertain, somewhat certain, very certain)

31. DIRECT SELLERS: Think about your direct upline. Can you name the person just above him or her in the network (Yes go to Q32, No go to Q33)? FRANCHISE MANAGERS: Think about your primary contact at your franchisor company. Do you know the name of his or her supervisor (Yes go to Q32, No go to Q33)? RETAIL WORKERS: Think about your direct supervisor.
Do you know the name of his or her supervisor (Yes go to Q32, No go to Q33)?
32. How many levels beyond this person can you name?
33. Do you sometimes buy the products that you sell (Yes go to Q34, No go to Q39)?
34. About how much do you spend on these products in an average month?
35. When I buy the products that I sell, it's because I want to, not because I have to. 1 2 3 4 5 6 7.
36. Since I started as a (direct sales representative / franchisee / retail salesperson), I have felt obligated to buy the products that I sell. 1 2 3 4 5 6 7.
37. The products I sell as a (direct sales representative / franchisee / retail salesperson) are the kinds of products I would buy even if I didn't have this job. 1 2 3 4 5 6 7.
38. I feel pressure to buy an excessive amount of the products that I sell. 1 2 3 4 5 6 7.
39. My (direct selling / franchise / retail) work gives me a lot of advantages beyond just money. 1 2 3 4 5 6 7.
40. People like me are well suited for work in (direct selling / franchise management / retail selling). 1 2 3 4 5 6 7.
41. Compared with other jobs I've had (direct selling / franchise management / retail sales) is MORE enjoyable. 1 2 3 4 5 6 7.
42. Overall, I do NOT enjoy my (direct selling / franchise / retail) work. 1 2 3 4 5 6 7.