

Conflict in Achieving ‘Victory Stage of Multi Level Marketing’

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Abstract—Multi-level marketing (MLM) business trading model and global business which can penetrate countries border and local culture boundary. The objective of this study is to explore the utilization of different cultural background in MLM business and conflict variation in achieving “victory stage” from economics anthropology perspective. Ethnography method and qualitative approach were used in this study. Data were collected in Surabaya by observation and participation observation in MLM business seminar and network groups meetings as well as indepth interview to MLM millionaires/billionaires and their network groups. Data were analyzed ethnographically. The results of this study show that different cultural background (MLM businessmen are Javanese, Maduranese, Chinese, and Arabian) was used to build 1) network groups until reaching “victory stage”, 2) cultural communication which is put together in one MLM company culture. Conflicts that appear in MLM are 1) horizontal conflict: conflict between MLM millionaires/billionaires and conflict between MLM businessmen intra and inter MLM companies; 2) Vertical conflict: conflict between millionaires/billionaires and its network groups member in one MLM company as well as between MLM members. Conflict between MLM members and prospect.

Keywords—MLM businessmen, conflict, cultural boundary, corporate culture, MLM network group, victory stage

I. INTRODUCTION

Many research showed that economic traders who use non MLM trading model/Multi Level Marketing in Indonesia facing conflicting situation when they compete with other economic traders. Competition and conflict on traders occur because they want to increase their profits as much as possible. Some of them even try to monopolize the trading of certain products (Robinson, 1986 and 2004, Hefner (ed. 1998), Irwan, 1999, Abdullah, 1994; Carrier (ed., 2005), Andriati, (2012).

Competition and conflict occur also due to the emergence of new trading model. Whereas traders who use the old trading model have enjoyed certain advantages. These non-MLM trading models emerged in pre-colonial era until the reform era. There are trade models that still exist until today, such as retails, shops, and markets although new trading models have appeared like MLM trading model and online trading model. The phenomenon of competition and conflict among MLM members as businessmen is happening in various big cities in Indonesia, including Jakarta, Bandung, Yogyakarta, Semarang, Surabaya. Based on author observations, MLM trading model has led to competition and conflict in the community of MLM businessmen which

consist of various ethnic and ethnic groups in the city of Surabaya. The author interested in researching and analysing the phenomenon of conflict in achieving the "victory stage of Multi-Level Marketing" more holistically.

MLM/Multi Level Marketing Business Model is one of the trading models used by big industry or MLM company from America and some countries in Europe to distribute their products to many countries including Indonesia. That's why MLM model as a direct selling model of the product through membership of MLM company can be called a global trade and business model which capable of penetrating national boundaries and cultural boundaries. Members from the United States or other countries may have networking group members from Indonesia, and vice versa.

Based on the literature study, how the MLM trading model works is different from the existing trading model/non MLM related to how to obtain goods, how to trade, division and profit gain, such as retail, shop, traditional market, franchise, supermarkets and other trade models. The difference of the trade model between MLM businessmen and economic traders from non MLM business is that the controversy and conflict in the society. The study of the use of different local cultural backgrounds by active MLM businessmen and the variations of any kind of conflict that arises in reaching the 'MLM victory stage' in the perspective of Economic Anthropology has not been widely conducted. This study aims to reveal and explore the use of different local cultural backgrounds by MLM members when they are active MLM businessmen and the variation of any conflict that arises in MLM business.

II. RESEARCH METHOD

Ethnographic methods and qualitative approaches were used in this study. The subject research was active MLM businessmen from MLM company with high turnover in Surabaya city. The reason for choosing a research location in Surabaya is because Surabaya is the second largest city in Indonesia, with diverse ethnic backgrounds. Qualitative data were collected through participant observation and observation at MLM business seminars and network group meetings and in-depth interviews with interview guides to MLM members who have become millionaire/billionaires and already proved as a rich man with good reputation and members of its networking groups as an active MLM businessman. In-depth interviews were conducted 3-5 times to the informants. Qualitative data collected, categorized and

analyzed ethnographically with conflict theory and economic politics theory.

III. THE RESULT

The results of this study indicate that differences in local cultural backgrounds of different ethnic and ethnic business MLMs do not trigger conflict between MLM members. Active MLM businessmen come from the Java Ethnic, Madura Ethnic, Chinese Ethnic and Arab Ethnic. The same cultural background is actually used to build networking groups until they reach the "MLM victory stage" because the culture and behavior of one ethnic group is relatively the same. MLM billionaires from Chinese Ethnic have MLM millionaire members of ethnic Chinese, Javanese, Madura Ethnic. Members of these millionaire network groups also have the same middle and lower level members of the Chinese ethnic millionaire who have some members of the Chinese ethnic, and some of them are Javanese, Maduranese, Arabic. Javanese millionaires have the majority of their Javanese networking groups and a small minority of Maduranese. Maduranese millionaires have most of the members of the Madura group of networks and a small part of the Javanese ethnic group. Those millionaire and billionaire informant did not explicitly mention the number of members of his network group because he has hundreds to thousands MLM members. They know the differences of ethnic background in a different group meeting but in one large network group meeting, they recognize it by their accent and style of communication.

In addition, differences in local cultural background are used to build intercultural communication, which is incorporated into a single MLM corporate culture. It means that there is no local tribal cultural barrier of the Javanese, Maduranese, or Chinese and Arabian Ethnic, when these members actively engage into MLM business to recruit and socialize new members and share the achievement of network group turnover targets. The cultural barrier for active MLM businessmen is the culture of MLM companies, when they become members must understand and adhere to the corporate culture of marketing plan to actively recruit and socialize new members as well as reaching group turnover targets.

The variations of the conflict that MLM members face are 1) Horizontal conflict: conflict between millionaire/billionaire MLM business and conflict between MLM business actors in one MLM company. They compete for members of their network groups to reach a certain rank and rise to the "MLM

victory stage" and grab the "MLM victory stage". "The MLM victory stage" is a place of appreciation for the top-ranking reputation that MLM members are able to achieve with standing ovation from seminar participants, millionaires and billionaires.

IV. CONCLUSION

The competition and the conflict between millionaires/billionaires among MLM companies is to recruit new MLM members by offering the advantages of MLM companies, the amount of bonus, good quality MLM products, disparaging company MLM competitors. This unhealthy competition condition resulted in conflict. And the worst condition is when the top leader is moving into the other MLM company because they will ask their members to do so. This condition is called as "bedhol desa" that means they move into other MLM company together.

Vertical conflict: conflict between top leaders/millionaires and billionaires, middle leaders and members of their network groups in one MLM company. This situation happens when one group move into the other group which they comfort with the leader on it. Conflicts between MLM businessmen and MLM pre-existed because MLM business people are actively 'forcing' a prospective member to become a member of the MLM company that became its part.

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