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Enhancing Channel Performance: The Moderating Effect of Soft Skills Training Programs in the Relationship Marketing Context for MLM Sales Leaders in Malaysia

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Abstract:

Multi-level Marketing (MLM) business revolves largely around people due to its business concept connecting large groups of downlines' network business activities. In MLM industry, people costs are much higher than capital costs. This people-based business requires the influence of relationship marketing, which requires the initiative of showing trust and commitment between MLM sales leaders and their downlines to ensure long-term cooperation. This study intends to understand the consequences of relationship marketing amongst MLM sales leaders towards channel performance. The achievement of channel performance depends on the loyalty and retention between MLM sales leaders and downlines. The study also employs a soft skills training program as a moderator to examine the intensity between relationship marketing and channel performance. Cluster sampling is employed, and 64 Multi-level Marketing Organizations (MLMOs) are selected as the study sample. 320 sets of questionnaires were mailed out to the targeted downlines, and 210 duly answered the questionnaires (65% response rate). The study reveals that trust and commitment positively influence channel performance. Soft skill training is also found to moderate the relationship between trust, commitment and channel performance.

Keywords: Relationship marketing, trust, commitment, soft skills training program, channel performance

1. Introduction

The ultimate goal of MLM business is to achieve financial freedom. Continuous and successful recruitment of downlines will effectively generate higher-level income for MLM sales leaders. Specifically, the recruits must be actively running MLM businesses, and at the same time, they also need to expand their own distribution networks through intensive recruitment. Failing can cause MLM sales leaders difficulties in improving or sustaining channel performance. MLM sales leaders could be recognized as an essential success factor in MLM business, mainly due to their persuasiveness in conveying the message along the way when they are recruiting downlines through advertisements or face-to-face conferences. MLM sales leaders need to guide their downlines effectively by creating more new businesses. This scenario is not only seen in MLM industry, but top management from worldwide companies have been focusing on the development of sales team by enhancing their individual capabilities through the efforts of sales leaders (Piercy, Cravens & Lane, 2007). The essence of relationship marketing is the establishment of long-term relationships through loyalty and retention (Shirazi & Som, 2013) between sales leaders and downlines (Grönroos, 2004). The salespersons' perceptions of their sales manager's trust and commitment will influence their acceptance of organizational objectives. In this context, trust is viewed as confidence in the perceptions of an individual's capabilities and intentions (Schetzle & Delpechitre, 2013); meanwhile, commitment is viewed as a salesperson's desire to continue with the relationship (Morgan & Hunt, 1994). Hence, the theory of trust-commitment is crucial to leaders to strive for self-improvement and better individual performance. Past studies revealed that the extent of supervisory support (up-line support) had impacts on downlines' overall performance (Babin & Boles, 1996; Wotruba & Rochford, 1995). These studies also revealed that guidance from up-lines and supervisors potentially influenced the performance among downlines to achieve greater performance for MLMO. In addition, the success of organizational change could be affected based on the degree of supervisory support (Weber & Weber, 2001). Nevertheless, a study by Filzah, Cheng and Jasmani (2012) showed a negative relationship between up-line support and sales performance. Based on their study, up-line support does not really refer to sales leaders' support, rather, it refers to the downlines for whose ranking is slightly higher but not at the top position. Hence, the result showed that sales performance was not optimistic, even with up-line support given to the downlines. In this regard, such circumstance enables this research to further explore the support given by MLM sales leaders (top-ranked) to downlines in leading them to higher performance, simultaneously increasing the profitability of MLMO in the context of channel performance.

Many studies generally focused on salespeople's performance (Salciuviene, Reardon & Auruskeviciene, 2011), and only a little previous research scrutinized the downlines' performance in MLMO (Msweli-Mbanga, 2001). Research has shown that salespeople who receive regular training and development opportunities tend to outperform their peers in terms of sales quotas and revenue generation (Anderson & White, 2018). Thus, MLM sales leaders who pursue organized or structured training programs will potentially enhance the approach of relationship marketing to strengthen channel

performance. In addition, the role and performance of MLM sales leaders have received limited attention from scholars, especially in the MLM industry of Malaysia. In this regard, this study examines the impact of relationship marketing on channel performance among MLM sales leaders.

2. Literature Review

2.1. MLM Sales Leaders – ‘Heart and Soul’ of MLMO

The role of an MLM sales leader is to influence people, whereby influencing can affect someone to think and subsequently take an action in the expected direction. Competency to influence others is crucial in the leadership field because those who take the lead probably might not be called leaders if they cannot persuade people of concepts and ideas. MLM sales leaders must understand that persuasion is a core construct of influence, and such skill enables one to influence others to accomplish tasks easily and effectively. It is hard to get the best definition of leadership, but basically, most scholars treat leaders as having the competence to mentor, motivate, inspire, serve, direct, and guide others. Leaders have persuasion power, which can influence others individually or in the community to meet objectives.

MLM sales leaders are not only offering products or services but also encouraged to promote a vision through the purpose of product or service is able to make people feel as a result of ownership. For instance, the downlines might feel proud once they fulfilled consumers' demands and expectations by improving their health condition through the food supplement consumption delivered in MLM business transactions. They are bringing prospects by helping people to foresee something valuable and different in their future lives. It also can be said that MLM sales leaders are able to visualize something beneficial in their current position or future. Furthermore, leaders are fundamentally accountable to the articulation of the goals, mission, and vision that strikes a common bond with the people they lead, builds solidarity, and inspires their followers (Kouzes & Posner, 2012). The task of MLM sales leaders is to promote the products and services to consumers (potential leads) and will simultaneously recruit them as downlines to join their sales force to achieve the targets collectively and successfully under co-operative work.

The support of sales leaders is critical in the MLM industry because downlines practically will deal directly with their sales leaders and not the management most of the time, particularly for moral support, motivation, training, development, and mentoring purposes (Filzah, Cheng & Jasmani, 2012). MLM sales leaders' support is defined as "the degree to which downlines perceive that their sales leaders offer support, encouragement, and concern for them," preferably on a continuous basis (Burke, Hurley & Borucki, 1992). MLMO always encourages sales leaders to assist their downlines to succeed through their own efforts and is willing to make sacrifices for the long-term good (Biggart, 1990). At the same time, MLM sales leaders have the tendency to cultivate co-operative social bonds among recruits by facilitating frequent and regular contact with each other (Sparks & Shenck, 2006).

In MLM business world, MLM sales leaders are the key persons to lead the sales force to generate more good sales results and their sustainable performance is essential to lead MLMO to better achievement in the matter of profitability and sales growth. Conversely, a higher rate of turnover among MLM sales leaders will cause the motivation level to go down, and the absence of effective leadership will potentially destroy the momentum of downlines. Therefore, MLM sales leaders play an important role in building rapport with their leading downlines. MLM sales leaders are expected to help improve their downlines' performance (Sparks & Schenk, 2006; Wotruba & Rochford, 1995) according to their high-level interaction throughout their sales career in the industry. Theoretically and practically, MLM sales leaders are ranked at the top of the MLMO compensation plan structure.

2.2. Relationship Marketing

Building rapport or relationships with customers is nothing new. Relationship marketing is an 'old new' idea with a new focus (Berry, 1995). Berry (1983), from a service perspective, stated that relationship marketing is attracting, maintaining, and multi-service organizations enhancing customer relationships. Jackson (1985), from an industrial marketing perspective, defined marketing as concentrated towards strong, lasting relationships with individual accounts. Grönroos (1995), from a network perspective, emphasized that marketing is to identify and establish, maintain and enhance relationships with customers and other stakeholders at a profit so that the objectives of the partners' interest are met, and this is achieved by a mutual exchange and fulfilment of promises. From this perspective, leadership is centred on the communication between leaders and followers rather than on the unique quality of the leader. Thought of as a relationship, leadership becomes a process of collaboration that occurs between leaders and followers (Rost, 1991).

Relationship marketing benefits the customers and the firm (Berry, 1995). The focus of relationship marketing is to elaborate on long-term relationships and improve corporate performance through customer loyalty and customer retention (Shirazi & Som, 2013). In MLM business context, MLM sales leaders imperatively need to concentrate on relationship marketing approach through building rapport with downlines to meet their specifications and in addition to the risk-reducing benefits of having a relationship with downlines meanwhile customers also can reap social benefits (Berry, 1995). Relationship marketing strategies are highly recommended to be adapted to the relationship with customers than transactional activities due to their effectiveness in migrating it to a higher-performing relationship state or preventing it from moving to a lower-performing state (Zhang *et al.*, 2016). MLM sales leaders recognize the long-term values of sales force relationships to foster downline loyalty via progressive interaction and effective communication.

The importance of relationship marketing in boosting customer retention was investigated, which provides insightful information into the methods used by organizations to sustain long-term client connections (Smith, 2022). According to Smith's research from 2022, relationship marketing is crucial for retaining customers. To do this,

personalized strategies and ongoing interaction are essential. At the same time, Smith (2022) found that relationship marketing is prioritized by businesses and that this strategy has a significant impact on total profitability by increasing customer lifetime value as well as customer retention rates. To reflect the situation, MLM sales leaders were urged to pursue the practice of relationship marketing to maintain good relationships with their downlines. Relationship marketing has many different facets, such as trust-building, communication, and customer satisfaction, all of which are essential for keeping customers in a cutthroat market. Also, the study gives insight into how relationship marketing is changing in the digital era, where social media and online engagement channels have evolved into essential tools for preserving continuous relationships with clients.

2.3. Trust-Commitment Theory

The existence of trust and commitment could be a key to success in relationship marketing strategies (Morgan & Hunt, 1994; Palmatier *et al.*, 2006). The commitment-trust theory of relationship marketing indicates that two fundamental factors, which are trust and commitment, must exist for a relationship to be successful. Trust is defined in various ways in the marketing literature; trust could be confidence in the exchange partner's reliability and integrity, which potentially overcome insecurity (Lewicki *et al.*, 1983; Morgan & Hunt, 1994). Trust is also seen as an important driver to both relationship and relationship enhancement that would appear to reduce risk perception more effectively than anything else. Subsequently, it is formed as a fundamental relationship model building block (Wilson, 1995). From another perspective, trust may also be a psychological outcome of a trusting relationship (Swaminathan & Reddy, 2000) and/or associated with outstanding performance.

Wilson (1995) mentioned that commitment is widely viewed as one of the defining variables of relationship marketing in buyer-seller relationship studies. Extending this commitment theory to the relationship between MLM sales leaders and downlines, once MLM sales leaders are committed, and vice versa, they feel value in the relationship and look forward to working together for the long term basic (Schetzle & Delpechitre, 2012). As with trust, commitment may also be treated as a potential 'psychological outcome' of a strong relationship (Swaminathan & Reddy, 2000). Commitment implies the importance of the relationship to the parties and their desire to continue it (Beck & Wilson, 2000), and both parties will be loyal, reliable, and stable in the relationship with one another (Bejou & Palmer, 1998). Practically, trust and commitment are hard to separate in the relationship marketing debate because both are invariably associated with the prerequisite that the relationship is of significantly high importance to one or both parties and warrants maximum efforts at maintaining it (Morgan & Hunt, 1994). In this scenario, the committed party, such as MLM sales leaders, believes that the relationship with their downlines is worth working at to ensure that it endures indefinitely.

In the realm of relationship marketing, trust stands as the cornerstone upon which enduring and mutually beneficial connections are built. As noted by numerous scholars and practitioners (Smith, 2020; Johnson *et al.*, 2019), trust plays a pivotal role in cultivating customer loyalty and sustaining long-term relationships between brands and consumers. In today's dynamic and competitive marketplace, consumers are not merely seeking products or services; they are seeking brands they can trust (Brown & Green, 2021). Trust is the bedrock upon which customers base their purchasing decisions, as it provides them with a sense of security and confidence in the brand's promises and offerings. Therefore, businesses must prioritize transparent communication, consistency, and reliability to foster trust, as they are not just factors in the success of relationship marketing but also key drivers of profitability and brand reputation.

2.4. Channel Performance

Performance is seen as a continuous and flexible process that involves management-level people working closely to achieve the required results (Armstrong, 2006). Performance is the final result produced from activities involving strategic management processes, which has the ability to improve an organization's performance (Thomas & Hunger, 2010). To achieve the organizational performance, human resources are the primary factors to effectively and efficiently realize the objectives. Indeed, effectiveness and efficiency among employees are required to contribute to organizational performance. Management teams will be more focused in this situation because they need to lead the organizations to higher levels of performance. In MLM context, MLM sales leaders have more responsibilities than management team to enhance the organizational performance via their prominence in guiding, developing, and recruiting downlines as primary resources towards achieving financial freedom. Once the MLM sales leaders perform well, they will eventually meet their expectations and job satisfaction in terms of remuneration, benefits, promotion, work conditions, supervision, organizational practices, and relationships with co-workers (Misener *et al.*, 1996).

In the realm of soft skills training programs, the dynamics of trust, commitment, and channel performance converge to shape the ultimate success of these initiatives. Scholars and practitioners have consistently underlined the pivotal role of trust and commitment (Smith, 2020 & Johnson *et al.*, 2019) in facilitating effective learning and development. Trust in MLM sales leaders' competence and commitment downlines growth and fosters an environment of open communication and receptiveness. Furthermore, commitment extends beyond the individual learner and encompasses the commitment of the organization and its MLM sales leaders to the continuous improvement of training programs. However, channel performance is equally critical in this context. The choice of training channels, be it in-person workshops, online modules, or blended learning approaches, significantly impacts the overall training experience. Effective channel performance ensures accessibility, engagement, and the delivery of content in a manner that resonates with learners. Soft skills training programs, as a moderator in this study, must recognize that trust and commitment alone are insufficient without the careful consideration of channel performance, as it directly affects the accessibility and effectiveness of the training, ultimately shaping the soft skills development journey.

From another point of view, performance is an evaluation of the salespersons' job activities and accomplishments

relative to the organization's objectives. In MLM business practice, MLM sales leaders and downlines typically view performance in terms of both product sales and new recruits. Therefore, performance is basically measured by the monthly sales achievement in total amounts. Meanwhile, they need to expand their network businesses through continuous recruitment since their bonuses or commissions will be paid on a monthly basis. Both sales and recruits per year were used to measure performance (Sparks & Schenk, 2006) similarly for evaluating the performance of MLM sales leaders. MLM sales leaders will be practically recognized for achieving sales targets and continuous recruitment instead of focusing on selling activities. MLM sales leaders will be required to report their evaluation of the performance of downlines under their supervision with respect to achieving annual sales targets. Meanwhile, recruits per year in this context of study represent a result generated from a broader network of downlines. As such, in this study, the performance of MLM sales leaders is measured by channel performance. To be more specifically, channel performance (economic benefit) refers to the extent to which the relationship between the downlines and up-lines is productive (good personal sales), profitable (good one's network sales), and rewarding (resulting in a broader network of downlines) (Skarmeas *et al.*, 2002; Msweli-Mbanga, 2001; Bucklin & Sengupta, 1993). There is limited attention received for the study of channel performance in the network marketing field (Salciuviene, Reardon & Auruskeviciene, 2011), and this study aims to carry out the channel performance as an important outcome in the context of the MLM industry in Malaysia.

2.5. Soft Skills Training Program as a Moderator

The human factor is an important resource in modern business organizations, and it is treated as one of the activities that raise employees' skills and abilities. Most modern business organizations spend part of their money on training workers to particularly increase their jobs effectively and efficiently. It was also considered as an investment of employees in the organizations. A valuable MLM sales leader's power consists of experience, knowledge, competency, capabilities, and so forth. Hence, value-added resources will create rareness in MLMO and help it gain continuous organizational competitive advantage. Delgado (2000), in his study, concluded that the higher level of success among downlines is derived from the higher quality of training programs. If the training program was effective in building up downlines to be successful in MLM business, then it is logical for MLMO to organize a training program to train a sales leader to achieve higher levels of performance in future. Basically, training is a continual process and is structured intentionally to recruit a person with skills, good abilities, and knowledge; meanwhile, it could provide individuals with experience and make them feel more confident (Khanfar, 2014).

Downlines who joined the MLMO are normally not well-trained under the conventional human resource policies. MLM sales leaders must master selling and recruiting skills, and they are expected to undergo the training program as well (Anderson, 1995 & Clements, 1997). MLMOs have the obligation to develop and train their sales leaders with their own training programs to achieve higher levels of performance and to continuously provide the best learning environment to them. MLMOs normally will consider contracting the services of professional firms specializing in sales training and interpersonal skills; otherwise, they will hire trainers or instructors who own their profession to impart their knowledge to MLM sales leaders (Delgado, 2000). Soft skills ranked higher than GPA (Grade Point Average) and work experiences among recruiter preferences in a survey done at a regional university career (Jones *et al.*, 2016). It also reveals that soft skills could be developed through programs as their competitive advantage. Moreover, soft skills are important when applied to today's workplace, which depends on problem-solving, critical thinking, communication, creativity, and industry to take care of the employees' welfare in various jobs (Ellen, 2011).

Based on the MLM business model, the sales force is very crucial in the MLM business channel, and they must be well-prepared with knowledge and soft skills, especially for the sales management functions of hiring and educating their recruits (Ballard, 2006). Creating and sustaining an effective sales force depends on the ability of MLM sales leaders to recruit downlines continuously, which is able to yield enormous sales volume and help enhance the MLMO performance. It also simultaneously transforms their downlines into higher rankings based on the compensation plan structure. Practically, MLM sales leaders allow the downlines to enjoy more compensation and satisfaction due to their excellent sales achievement, and this will significantly reduce the turnover among them to leave the job. In short, if the MLM sales leaders are not born or easily captured, then they need to be nurtured through professional soft skills training programs to ensure they reach that position.

In the context of soft skills training programs, the establishment of trust is paramount. As highlighted by experts in the field (Smith, 2020; Johnson *et al.*, 2019), trust forms the foundation upon which effective training relationships are built. Learners must trust in the expertise and credibility of trainers to fully engage in the development of soft skills such as communication, teamwork, and leadership. Trust enables an open and receptive learning environment where participants feel comfortable sharing their challenges and vulnerabilities. In addition to trust, commitment plays a central role in the success of these programs. Commitment goes beyond attending training sessions; it reflects a dedication to the ongoing development of one's soft skills. The commitment of both trainers and participants is instrumental in achieving the long-term behavioral changes and improvements sought in soft skills training. Soft skills training program, as a moderator in this research paper, fostering trust and commitment is not only responsibility, but also the key to effectiveness in the relationship between MLM sales leaders and their downlines.

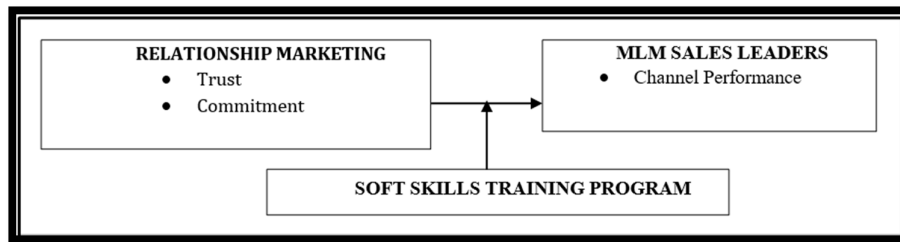


Figure 1: Theoretical Framework on the Impact of Relationship Marketing on Channel Performance of MLM Sales Leaders

The following hypotheses were developed based on the theoretical framework mentioned above.

- H 1.1: The trusted MLM sales leaders are positively related to the channel performance.
- H 1.2: The committed MLM sales leaders are positively related to the channel performance.
- H 2.1: Soft skills training program moderates the relationship between trust and channel performance.
- H 2.2: Soft skills training program moderates the relationship between commitment and channel performance.

3. Methodology

The population are downlines of MLMs drawn from 1,300 Direct Selling Companies registered with Malaysia Ministry Domestic Trade, Co-operative and Consumerism (MDTCC). Out of 1300 direct selling companies, 64 MLMOs, which are members of the Direct Selling Association of Malaysia (DSAM, 2013), were selected for the study. These companies under DSAM were selected as DSAM and have the most comprehensive list of MLMO databases. A probability sampling design was approached whereby the cluster sampling method was pursued due to data gathered from the large population (MLMO downlines consist of different structures and levels). 5 sets of survey questionnaires were distributed to each of the 64 MLMOs via mail. A total of 320 questionnaires were mailed, 215 questionnaires were returned, and only 210 usable questionnaires were used for data analysis. Cluster sampling is more appropriate because this sampling method is able to divide the sampling population into groups or levels, direct downlines to the MLM sales leaders, and whoever is in the best position to contribute the requisite information. To investigate the impact of relationship marketing on the channel performance of MLM sales leaders, this study chose the MLMO downlines, the direct downlines to the MLM sales leaders, as key respondents. They are the primary groups that have plenty of knowledge of the behaviours or characteristics that affect the performance of MLM sales leaders. For the measurement scale of this study, a five-point Likert scale was chosen to examine how strongly subjects agree or disagree with statements on a five-point Likert scale and data collected were analyzed using Statistical Package for Social Science (SPSS) software, Version 28. Figure 2 illustrates the position of direct downlines as key respondents in this study.

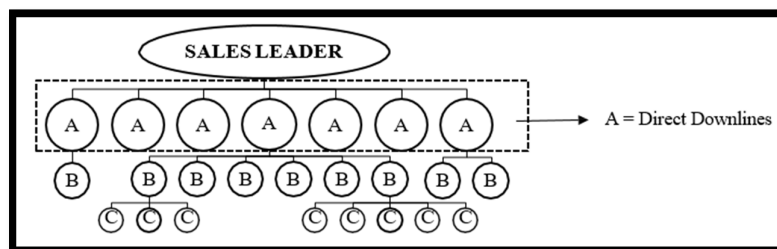


Figure 2: Direct Downlines of MLM Sales Leaders in MLM Compensation Plan Structure

A pilot study was conducted to test the questionnaires and to improve the internal validity of a questionnaire. For the measurement scale of this study, a five-point Likert scale was used to measure all items presented in table 1, as shown below.

Section	Sources	Measure	Type of Scale	No. of Questions
Trust	Adapted the Learning	1. I feel very loyal to my sales leader in this business relationship.	Likert Scale	5

	Effectiveness Instrument; Cummings and Bromiley (1996) for the Trust Instrument	<p>2. For us, our relationship is the best possible business in order to achieve financial freedom.</p> <p>3. I am proud to tell others about our business relationship with my sales leader.</p> <p>4. We really care about the fate of our business relationship.</p> <p>5. I will not simply quit this business relationship with my sales leader in our present circumstances.</p>		
Commitment	Adapted the Learning Effectiveness Instrument; Cummings and Bromiley Cullen et al. (1995) for the Commitment Instrument	<p>1. In my opinion, the business relationship between my sales leader and I are reliable.</p> <p>2. I believe that my sales leader meets his/her obligation to our organization.</p> <p>3. I feel my sales leader in this business relationship negotiates with us honestly.</p> <p>4. I feel that my sales leader in this business relationship will keep his/her words.</p> <p>5. I believe that my sales leader in this business relationship does not mislead me.</p>	Likert Scale	5
Channel Performance	Adapted Behrman and Perreault (1984); Cravens et al. (1993); Obadia et al. (2008)	<p>1. My sales leader achieved the annual sales target set by Multi-Level Marketing Organizations (MLMO).</p> <p>2. My sales leader provided feedback and comments to management.</p> <p>3. My sales leader increased territory market share.</p> <p>4. My sales leader contributed to my sales unit's profits.</p> <p>5. My sales leader made effective presentations to downlines and prospects in recruitment activities.</p> <p>6. My sales leader built effective relationships with downlines.</p> <p>7. My sales leader understood MLMO services and their application.</p> <p>8. My sales leader understood downlines' needs and work processes.</p> <p>9. My sales leader kept expenses at acceptable levels.</p> <p>10. I expect good profits from this business relationship.</p> <p>11. I expect a good level of sales with this business relationship.</p> <p>12. I expect to achieve high growth with this business relationship.</p>	Likert Scale	12
Soft Skills Training Program	Adapted the Impact of The Recruiting and Training Practices on The Satisfaction and Success in The Network Marketing Distribution Channel, Delgado (2000)	<p>1. In general, I rate the last MLM business training program that my sales leader received as very good.</p> <p>2. I believe that the training program has helped my sales leader achieve higher levels of success through his/her promotion to a higher ranking in the distributorship.</p> <p>3. My sales leader was very well motivated after undergoing the organized training program.</p> <p>4. In my opinion, the existing rules and procedures of this MLM business make my sales leaders' jobs easier after undergoing the organized training program.</p> <p>5. I think the training addressed the important issues related to my sales leader's job as a high-performing MLM sales leader.</p>	Likert Scale	5

Table 1: Items for Measurement in Questionnaire

4. Results

4.1. Descriptive Analysis

Based on table 2, the mean scores of antecedents' variables range between 4.25 and 4.40, which are all above the

average. Channel performance (dependent variable) recorded the highest score, with 4.40 (above the average). The mean scores of trust and commitment were considered high (4.25 and 4.26), implying that MLM sales leaders need to have excellent business relationships with their downlines, and it is considered crucial to determine their success or higher achievements in MLM business.

	Mean	Std. Deviation
Channel Performance	4.40	.59
Trust	4.25	.49
Commitment	4.26	.48

Table 2: Descriptive Statistics of Antecedent Variables (N=210)

4.2. Correlation Analysis

Table 3 shows that relationship marketing is positively and significantly correlated with channel performance, as trust (measured by the TRT, $r = 0.689$, $n = 210$, $p < 0.01$) and commitment (measured by the COMM, $r = 0.688$, $n = 210$, $p < 0.01$). There was also a moderately strong, positive correlation between relationship marketing and channel performance, with high levels of relationship marketing associated with high levels of channel performance.

Variables	Mean	St. D	CP	TRT	COMM
CP	4.40	0.59	1	0.689**	0.688**
TRT	4.25	0.49	0.689**	1	0.905**
COMM	4.26	0.48	0.688**	0.905**	1

Table 3: Correlation Analysis

** Correlation is significant at the 0.01 level (2-tailed)

CP = Channel Performance, TRT = Trust, COMM = Commitment

4.3. Multiple Regression Analysis

To test the hypotheses, the multiple regression analyses were tested to determine the variance of channel performance explained by relationship marketing. Table 4 presents the result generated from the hypothesis testing on the relationship between relationship marketing and channel performance. The regression explains 49.3 percent of the variance in the relationship marketing on the channel performance. It is highly significant at the 0.001 level. From the results shown, trust (TRT, $\beta = 0.37$, $p < 0.01$) and commitment (COMM, $\beta = 0.36$, $p < 0.01$) have a significant relationship with channel performance. Therefore, H1 and H1.2 are supported.

- H 1.1: The trusted MLM sales leaders are positively related to the channel performance.
- H 1.2: The committed MLM sales leaders are positively related to the channel performance.

Variables	Relationship Marketing	
	TRT	COMM
CP	0.37**	0.36**
R	0.71	
R²	0.50	
Adjusted R ²	0.49	
F	102.80***	

Table 4: Summary of Hypothesized Relationship between Relationship Marketing and Channel Performance

Note: Significant levels: *** $p < 0.001$; ** $p < 0.01$;

* $p < 0.05$; + $p < 0.10$ CP = Channel Performance, TRT = Trust, COMM = Commitment

Table 5 displays the moderating role of soft skills training program on the relationship between relationship marketing and channel performance. For the interaction effect, the results indicated that the interaction terms between trust and soft skills training program (TRT*SSTP) are significant (R^2 Change = 0.02, $p = 0.01$). On the other hand, the commitment and soft skills training program (COMM*SSTP) also showed a significant relationship (R^2 Change = 0.01, $p = 0.07$). Therefore, it could be concluded that soft skills training programs do moderate the relationship between trust and commitment to channel performance. Hence, H2.1 and H2.2 are supported.

- Hypothesis 2.1: Soft skills training program moderates the relationship between trust and channel performance.
- Hypothesis 2.2: Soft skills training program moderates the relationship between commitment and channel performance.

Dependent Variable	Independent Variable	Relationship Marketing	
		Trust (TRT)	Commitment (COMM)

	Model Summary	1	2	1	2
	R ²	0.54	0.55	0.54	0.56
	R ² Change	0.54	0.02	0.54	0.02
Channel Performance	F Change	120.07	7.04	122.69	7.29
	Sig. F Change	0.00	0.01*	0.00	0.01*
	Interaction Terms (PROCESS)		P Value		
	TRT X SSTP		0.0114*		
	COMM X SSTP		0.0004***		

Table 5: The Moderating Effect of Soft Skills Training Program between Relationship Marketing and Channel Performance

Note: Significant levels: ***p<0.001; **p<0.01; *p<0.05; +p<0.10

CP = Channel Performance, TRT = Trust, COMM = Commitment, SSTP = Soft Skills Training Program

Figures 3 and 4 illustrate the moderating impact of soft skills training programs on the relationship between trust and commitment to channel performance. The interaction terms between trust (beta = -0.183, p < 0.01) and commitment (beta = -0.240, p < 0.001) with the soft skills training program were added to the regression model, which accounted for a significant proportion of the variance in channel performance. Examination of the interaction plot showed an enhancing impact: as both independent variables (trust and commitment) and soft skills training program increased, channel performance increased, especially the relationship between commitment and channel performance. Hence, it could be concluded that soft skills training program moderates the relationship between trust and commitment on the channel performance. In other words, the implementation of soft skills training program on MLM sales leaders has empirically increased the level of trust and commitment among their downlines to improve the channel performance. The practice of soft skills helps MLM sales leaders gain trust and show commitment to their downlines to enhance the channel performance for long-term goal setting.

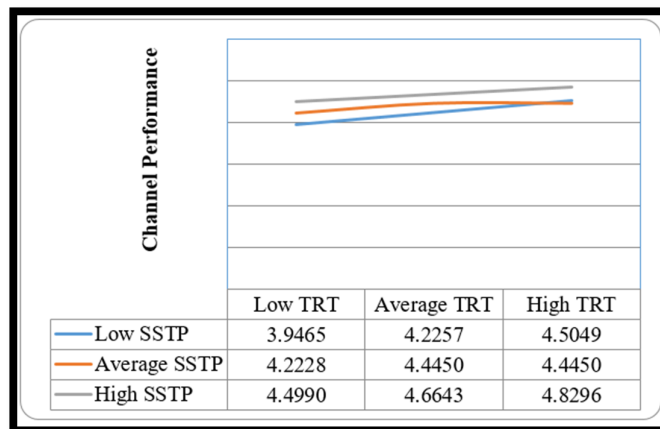


Figure 3: The Impact of Soft Skills Training Program on the Relationship between Trust and Channel Performance
TRT = Trust, SSTP = Soft Skills Training Program

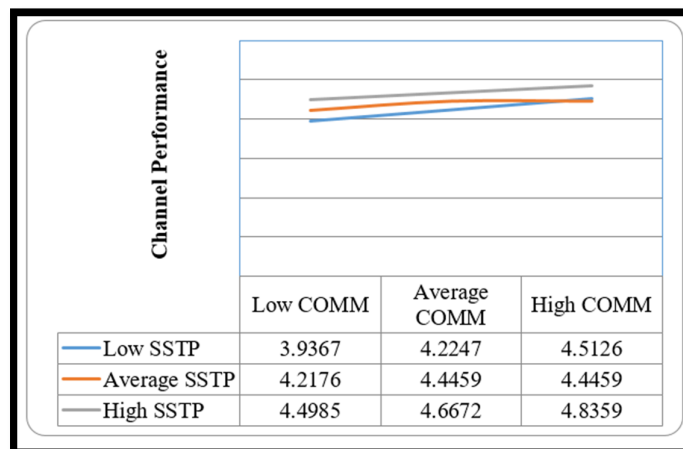


Figure 4: The Impact of Soft Skills Training Program on the Relationship between

Commitment and Channel Performance
COMM = Commitment, SSTP = Soft Skills Training Program

5. Discussion

Relationship marketing, which consists of trust and commitment, is found to be positively related to the channel performance in this study. The study by Shirazi & Som (2013) mentioned that the focus of relationship marketing is elaborating on long-term relationships through customer loyalty and customer retention in the tourism industry of Malaysia, and this circumstance basically can be applied among MLM sales leaders for those who need to gain trust and reveal a commitment to their downlines to increase and sustain the downlines' loyalties. Once the downlines trust their MLM sales leaders and their commitment to each other, they can potentially achieve channel performance. This is further supported by a study from Schetzle and Delpechtre (2013) that focused on the salesperson's trust and commitment to the relationship with the sales manager. The research found that the salesperson's trust and commitment have a significant positive relationship with the sales manager's personal characteristics. This means that the sales manager is a key person who communicates organizational objectives and goals to the salespersons, who will be responsible for implementing necessary strategies and actions to achieve those specific objectives and goals. Such a situation reflects that MLM sales leaders have specific roles to lead their downlines effectively to be successful in MLM business; meanwhile, they are able to expand their business networks in recruitment activities to increase channel performance. More importantly, marketing practitioners and scholars found that the marketing mix no longer leads to complex interaction and information exchange processes; there are indications that relationship marketing is considered a fundamental aspect of relationship development (Andersen, 2001). Trust and commitment were strongly built into the relationship between MLM sales leaders and the downlines, and it could potentially sustain the business relationship for long-term basic. Soft skills training program moderates the impact of trust and commitment on the channel performance. For organizational success, the focus needs to move from simple knowledge acquisition to attitude and behaviour change, whereby the employees are able to utilize the training program they received and apply it to their daily jobs. For this to occur, an effective training program with increased individual soft skills training will lead to increased work performance and the company's achievement of objectives (Ibrahim, Boerhannoeddin & Bakare, 2017). Employers are worried about the dearth of soft skills rather than hard skills (technical skills), whereby nearly half (44 percent) of the interviewed executives believe that the American Workforce requires the practice of soft skills to be successful in the business world (Slade, 2014). There are instances in which employees have strong hard skills but fail to survive because they do not focus on the implementation of soft skills that enable them to build rapport with superiors, peers, and subordinates in the workplace (Rao, 2012). Soft skills are essentially needed in this present world where complexity and uncertainty have become the hallmarks of businesses, and they ensure professional success and enhance employee productivity and performance. Soft skills training program as a moderator in this study proved that it could affect the relationship between relationship marketing (trust and commitment) and channel performance in a positive way.

6. Conclusion

The findings clearly reveal the importance of MLM sales leaders as key persons in promoting relationship marketing to achieve channel performance. The results revealed the essence of relationship marketing, which is paramount to MLM sales leaders to bring forward the MLM business to a higher stage of performance. MLM business is a people-based network business, so the primary challenges will focus on personal leadership skills for those who take the lead on driving the large group of downlines to financial freedom. Soft skills training programs also had impacts on the relationship between relationship marketing and channel performance. The results are expected, and this is another research gap, which is very useful to stimulate other researchers to investigate the nature of learning MLM businesses in Malaysia. The results of this study emphasize that MLM sales leaders are treated as important sources and critical edge for the measurement of channel performance. However, MLM sales leaders could go through the structured soft skills training program to increase their knowledge and business skills in upgrading channel performance.

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