

# Radboud University



**Master thesis in Business Administration**

## **Beyond the sales pitch**

Exploring the lack of accountability in Multi-Level Marketing through  
the concept of Self-managing teams

Name: Roel van de Klok

Student no.: s1082831

First supervisor: Dr. Claudia Groß

Second examiner: Shady Giada Anayati

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## **Preface**

With great pleasure and a sense of accomplishment, I would like to present this master thesis on the topic of ‘The lack of accountability in the MLM industry’. This research has been written to complete my master Business Administration: Organizational Design and Development. I am excited to share my findings and contribute to the ongoing research on the Multi-Level Marketing (MLM) industry.

My personal experiences in the MLM industry served as the inspiration for this research. After being familiar with this business through a family member, I got a firsthand understanding of how the MLM company Amway operates. The ethical problems that arise in this company, combined with the interesting organizational structure always sparked my attention. A guest lecture by renowned researchers William Keep and Peter van der Nat propelled me to delve deeper into this industry by researching it. With my interest in the concept of self-managing teams, I found that knowledge of this concept could provide insights into the lack of accountability in MLM. The combination of these two topics that fit with my curiosity and the master’s program, led to this research.

I would like to express my gratitude to my supervisor, Claudia Groß, whose guidance and expertise have been invaluable throughout this journey. Her continuous support, insightful feedback and commitment to my topic have significantly enriched this research. In addition, my fellow peer students have greatly contributed to the refinement of my ideas and arguments in the feedback sessions.

In conclusion, I hope that my master thesis offers a comprehensive understanding of the lack of accountability in Amway and the MLM industry at large. May it inspire further research on the MLM industry and encourage positive changes.

Roel van de Klok

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## **Abstract**

The MLM industry and its business model are frequently criticized for its legal and ethical problems (among others Keep & Van der Nat, 2014). This research investigates the lack of accountability in the Multi-Level Marketing (MLM) industry. The autonomy, flexibility and independence of distributors in this industry have been argued to result in a lack of accountability (Groß & Vriens, 2017).

Accordingly, MLM companies seem to avoid their accountability by hiding behind the distributors' independence. At the same time, it is unclear if and how distributors handle accountability. A thorough understanding of this problem is not perceptible in the MLM literature. Nonetheless, the concept of accountability is better explored in the literature on self-managing teams (SMT). This study utilizes the concept of SMT as a conceptual lens to investigate accountability problems in the MLM industry.

As a result, the purpose of this research is to explore the problem's appearance, explain its underlying causes, and address accountability in a team of distributors. This to create a better understanding of the lack of accountability. Practically, the research aims to explore if and how guidelines and mechanisms that enhance accountability in SMT, can be applied in MLM companies to understand the lack of accountability. Therefore, the research is concentrated on the MLM company 'Amway'. This company is recently criticized for misleading claims being made by its distributors. Data was obtained using a variety of methods due to the use of a case study. Eight semi-structured interviews with former and active Amway distributors were conducted. In addition, a weekly team meeting was observed, and several Amway documents were analyzed.

The research shows that accountability in Amway is lacking at various levels. At the organizational level, Amway avoids their accountability hiding behind their documents and contracts. Additionally, Amway indirectly urges their distributors to avoid their individual accountability. Whereas SMT uses mutual accountability to hold team members accountable, this concept is difficult to apply in Amway due to distributors' limited control over their downline. However, mutual accountability appears to be present when criticizing the Amway business. The MLM industry interprets this term differently than the SMT literature. Additionally, it is discovered that the lack of a collective understanding of accountability, controllability and proper consequences for misleading claims makes it difficult for distributors to handle accountability. Three of the mechanisms appear to be present in Amway. However, the focus of these mechanisms is on sales and recruitment which hinders the topic of accountability to be handled by distributors. While some concepts of the SMT literature are similar to Amway, the guidelines and mechanisms are not applicable within the MLM industry due to the many differences between how a SMT handles accountability and how this is being handled in Amway. To allow the SMT elements to be applied in the MLM industry, there is a need for a more ethical focus where misleading claims are rejected, and accountability is being handled.

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## Chapter 1. Introduction

Multi-level marketing, direct selling organizations, and network marketing; all refer to the activity of directly supplying, selling, or distributing goods or services through a hierarchy of independent distributors (Groß & Vriens, 2017). Direct selling indicates a distribution channel without a retail store, where people work for themselves as independent distributors (Albaum & Peterson, 2011). The most common form of direct selling is Multi-Level Marketing (which will be referred to as MLM). Distributors in MLM not only retail products but also recruit others to do the same. In exchange for these activities, distributors receive commissions, bonuses, dividends or other types of payment (Koehn, 2001). MLM companies are typically known for selling nutrition, cosmetic and homecare products. They promote themselves as a great business opportunity and represent a growing industry over the last decades. With a net worth of 186.1 billion USD in 2021, companies like Amway, Natura Cosmetics, Herbalife and many more, are examples of a booming industry (WFDSA, 2021). Despite the growing prominence, the MLM business model and its behaviour are heavily criticized for their legal and ethical problems (among others Groß & Vriens, 2017).

MLM companies are known to have attractive marketing and promote themselves with autonomy, flexibility, and independence (among others Albaum & Peterson, 2011; Amway, n.d.; De Liema, 2022; Groß & Vriens, 2017). There are several good illustrations of how MLM presents itself in a favourable perspective:

- First, MLMs offer distributors autonomy over whom to recruit, what tasks to perform, and where to work (De Liema, 2022; Greenman, 2022; Groß & Vriens, 2017). These companies have a decentralized decision-making power whereby they claim that distributors can be their own boss and make their own decisions (Amway, n.d.).
- Secondly, a distributor can decide how much time to devote to running their business (Sparks & Schenk, 2001). Flexibility in planning and coordinating work is intended.
- Lastly, in an MLM company, you can work independently as a distributor (Albaum & Peterson, 2011; Van der Nat & Keep, 2002). At the same time, you are part of a distributor network where you work as a team (Groß & Vriens, 2017).

These aspects make MLMs seem to be similar to the core principles of self-managing teams (which will be referred to as SMT). Bondarouk et al. (2018, p.12) define SMT as: “*groups of interdependent individuals who have the autonomy to self-regulate their behaviour on relatively whole tasks, they possess a variety of work skills, are responsible for decision making, monitoring and altering their performance, they fulfil traditional management tasks and meet company goals*”. Furthermore, a SMT can work independently from other teams (Purser & Cabana, 1999; Achterbergh & Vriens, 2019).

From this perspective, distributors that are part of a distributor network could be regarded as a SMT. Following the literature on self-managing teams, these characteristics contribute to the effectiveness and efficiency of the organization, as well as the well-being of the employees (Achterbergh & Vriens, 2019; De Sitter, 1994; De Sitter, 1997).

In MLM, however, these characteristics have been criticized as unethical and problematic, causing problems of accountability. Accountability is about being able to hold people answerable for their behaviour and decisions (Frink & Klimoski, 1998). The autonomy, flexibility and independence of distributors have been argued to result in a lack of accountability at the level of headquarters (Groß & Vriens, 2017). Since distributors have the autonomy to design their own downline (Groß & Vriens, 2017), they frequently target those who are unemployed, deprived and/or socially disadvantaged because these populations are susceptible to the attractive marketing of MLM companies (Franco & Gonzalez-Perez, 2016; Koehn, 2001). The exploitation of vulnerable individuals for personal gain indicates unethical behaviour of distributors. In addition, because of their independence, distributors can offer misleading income claims (De Liema, 2022; Ramirez, 2016; Keep & Van der Nat 2014; Van der Nat & Keep, 2002), and misleading product information to consumers (De Liema, 2022; Groß & Vriens, 2017). Recent prominent examples are deceptive health and income claims made by Amway distributors (Truth in Advertising, 2021). For instance, one Amway Business Owner claimed that Amway's Nutrilite Vitamins and Supplements are the: "Best prevention for all types of cancer". Another distributor asserted that he earned 250.000 dollars annually and anyone can do this part-time (Truth in Advertising, 2021). Making false statements leads to legal issues and unethical behaviour. In addition, because the distributors act independently, they can allow everyone to join their downline. As a consequence, a lack of knowledge about the products/services and how to sell them may be present (Groß & Vriens, 2017). This might contribute to distributors making illegal claims which result in a misuse of consumers' trust (DiMaggio & Louch, 1998).

Overall, distributors seem to be insufficiently monitored on their behaviour and tasks (Koehn, 2001), and held accountable for all aspects of sales, recruitment, and training (Sparks, 2001). MLM headquarters seem to dodge accountability, hiding behind the independence and autonomy of the distributors (Juth-Gavasso, 1985). Similarly, Groß and Vriens (2017) argue that headquarters hold independent distributors accountable for all misbehaviour and non-compliance. MLM companies seem to be designed to avoid or disclaim their accountability. This is problematic since the headquarters has established the rules for distributors regarding performance and behaviour, they urge distributors to act independently and autonomously.

### **How can the SMT literature help explore this?**

Conversely, the literature on SMT provides several concepts to understand where and how accountability can take place. One central insight from this literature is, for example, that accountability can take place on different levels, and a SMT uses mechanisms to hold team members accountable (among others: Cooney, 2004; De Leon, 2001; Stewart et al., 2021). These guidelines and mechanisms can be utilized to comprehend the lack of accountability in MLM. Working in a SMT, accountability is handled by the team and its team members (Achterbergh & Vriens, 2019; De Sitter, 1997; Thoms et al. 2002). For the outcomes of their work, the team takes collective responsibility and holds each other mutually accountable (Hackman, 1987; De Leon, 2001). From this perspective, it is relevant to link the concepts of SMT and MLM. The concept of SMT could provide value for understanding and dealing with problems of accountability, caused by distributors' autonomy and independence. In addition, exploring accountability problems in MLM with the organizational design of SMT will also provide insights into the effect of this organizational design and what lessons may be drawn for dealing with the lack of accountability. Although accountability is of particular concern in MLM, there are inconsistent approaches to dealing with accountability in SMT and MLM.

### **Research purpose**

The aim of this research is to explore accountability problems in MLM using the concept of SMT, as well as to explain and address the lack of accountability in MLM utilizing this organizational concept. This thesis attempts to bring knowledge of SMT to the MLM literature and translate this into better understandings and organizational practices. Therefore, the research question of this paper is:

*How can guidelines and mechanisms of the concept of self-managing teams help to understand accountability problems in MLM?*

The purpose of the research entails analyzing and explaining the problem's appearance, its underlying causes and how accountability is dealt with in a team of distributors. The research is conducted through an inductive case study with a theoretical contribution towards the MLM literature. The research object is the MLM company 'Amway'. With a revenue of 8.9 billion USD in 2021 (Amway, 2022), Amway is regarded as the largest and one of the oldest direct-selling organization in the world.

### **Scientific and social relevance**

Previous studies are limited in their research on accountability problems in MLM. The majority only touched upon accountability as a problem. For instance, Nzinga et al. (2013) argued that the autonomy of the distributor has led to an increase in calls for greater accountability in MLM. Additionally, Groß & Vriens (2017) stated that distributors are held accountable for their work. The literature on



accountability in MLM is limited to acknowledging the problem. A better, empirical, understanding of this problem can help in closing a knowledge gap and improve organizational practices.

In addition to this, research to date has not yet investigated the combination of SMT and MLM. Although it is known that people working in MLM are ‘self-employed distributors’ (FTC, n.d.), hardly any academic research has been done on self-managing teams in MLM. The existing body of research on SMT does recognize the importance of accountability and how to handle it (among others Achterbergh & Vriens, 2019; De Sitter, 1997; Hackman, 1987; Mohrman et al., 1995; Muthusamy, 2005; Purser and Cabana, 1999). However, the existing accounts in MLM fail to investigate and resolve the contradiction in accountability between MLM and SMT. Even though the two concepts are related, no research has dealt with accountability problems in-depth from a SMT perspective.

Also from a social viewpoint, it is useful to explore and explain accountability problems looking from a SMT perspective. It will contribute to a better understanding and insights into how distributors can manage accountability and how it relates to SMT. Additionally, this research could lead to better organizational practices as it intends to make distributors and headquarters more aware of their accountability for behaviour and tasks. As a result, distributors might make fewer misleading claims to customers and take accountability for their actions. It is important to learn more about accountability in MLM since being able to handle accountability is necessary to control behaviour (Frink et al., 2008). Correspondingly, with a lack of accountability, it is difficult to overcome other problems in MLM related to performance and behaviour. Therefore, the concept of SMT may provide value in how to address accountability, one of the most significant issues in MLM.

### **Outline thesis**

In the introduction the context of this research was given, this has led to the aim of the research and why it is relevant to study. The second chapter provides a theoretical framework. The literature review will focus on the main concepts of this research: MLM and SMT. It will provide an outline of the relevant theories and perspectives, as well as a conceptual illustration. This chapter can be regarded as the conceptual foundation for interpreting the findings of this research. The third chapter is concerned with the methodology used for this study. The research design and methods will be discussed to create an understanding of how the study was conducted. Chapter four describes the findings of the data gathered, presented as the results of the research. The final chapter provides an answer to the research question in the conclusion and a discussion with implications for the current literature.

## Chapter 2. Theoretical framework

This chapter will start with a general explanation of how MLMs operate and what is currently known about accountability problems. In the second section, the concept of SMT and accountability in these teams will be covered in greater detail. The elaboration on, and the relation between, the main concepts will be useful to eventually create a conceptual illustration.

### 2.1 Multi-level marketing

Before going into depth, a clear and concise explanation of how MLM companies operate is needed. This will be discussed in section 2.1.1. In section 2.1.2, the accountability problem in MLM will be explored using the current literature.

#### 2. 1.1 How does multi-level marketing work?

MLM companies are often characterized as part of the gig economy. The gig economy consists of organizations with, so-called, gig-workers. In their research, De Liema et al. (2022) argue that the independent distributors working in MLM, meet Abraham's et al. (2019) definition of gig-workers. As distributors are not paid any salary, they are not bound by a contract with the company and there are no predictable returns to their labour. Being aware that independent distributors can be classified as gig workers, helps in understanding their characteristics and context.

The structure of an MLM company consists of downline and upline members (i.e., independent distributors) (Keep & Van der Nat, 2014). The upline member recruits new members and receives commissions for the goods purchased by their downline member. When the downline member does the same, he or she also earns commissions. This leads to the hierarchy of recruiters and sellers that MLM is known for (Groß & Vriens, 2017). According to Brodie et al. (2004), distributors can earn money in two ways: by selling company products directly to consumers and by building a downline of distributors (i.e., recruiting new members). Direct selling in MLM mainly relies on selling to close relations such as friends, family members and co-workers (Albaum & Peterson, 2011; Groß & Vriens, 2017; Koehn, 2001). Keep and Van der Nat (2014) further divide this way of earning money by selling products to non-distributors and selling products to other distributors. Distributors are earning a direct commission on each sale they make. These rewards are paid out using a percentage based on the volume of the downline. The second way of earning a reward in MLM is based on recruiting people. Generally, this provides distributors with a much larger reward than selling products (Groß & Vriens, 2017; Greenman et al., 2022; Van der Nat & Keep, 2002). The FTC found in 2013 that in the MLM company 'FHTM' (Fortune Hi-Tech Marketing) more than 85 percent of the rewards for distributors were made from recruitment (FTC, 2013). These rewards are made by override commissions based on

the product purchases of the distributors' downline (Groß & Vriens, 2017; Keep & Van der Nat, 2014).

MLMs may lead to severe legal and ethical problems (Groß & Vriens, 2017; Koehn, 2001; Van der Nat & Keep, 2002). For example, according to Reese (1999), MLM companies that function as 'pyramid schemes' and 'endless-chain recruiting' are both illegal and unethical. This leads to serious (illegal) problems and unethical behaviour, for which MLMs are frequently heavily criticized. The focus of this research is on accountability problems in MLMs, which are explained in the next section.

### 2.1.2 Accountability problems in multi-level marketing

Accountability is about being able to hold people answerable for their behaviour and decisions (Frink & Klimoski, 1998). As has been discussed, the autonomy, flexibility, and independence of distributors result in a lack of accountability in MLM (Groß & Vriens, 2017). This indicates that distributors are held accountable for all aspects of sales, recruitment, and training, where there is no monitoring of the behaviour and tasks of distributors (Koehn, 2001).

MLM headquarters avoid handling accountability and are hiding behind the independence and autonomy of the distributors and use this as an excuse to dodge accountability and tolerate problematic practices (Groß & Vriens, 2017; Juth-Gavasso, 1985). However, at the same time, headquarters are promoting distributors to continue product sales and expand recruitment by acting independently and autonomously. They essentially direct the distributors to act unethically with rules they established themselves. Despite the importance of accountability problems in MLM, there remains a paucity of research on this problem. Only the study from Groß & Vriens (2017) has addressed the importance of accountability. They contend that because the distributor network is set up as independent, headquarters is better able to hold them accountable for misbehaviour and avoid criticism. This is one of the reasons why problems in MLM continue to exist, despite countermeasures (Groß & Vriens, 2017). Two prominent accountability problems are deceptive health and income claims (Truth in Advertising, 2021). MLM company Amway has been criticized for its distributors making false and misleading claims about the health benefits of their Nutrilite products (Keep & Van der Nat, 2014). In 2017, TINA.org investigated Amway and revealed data on illegal health claims used to advertise Amway supplements (Truth in Advertising, 2021). Besides health claims, TINA.org revealed examples of how Amway distributors make misleading income claims to promote their MLM opportunity (Truth in Advertising, 2021).

FTC chairwoman Ramirez (2016) stated the following in a Direct Selling Association conference: *"Practically speaking, this means that multi-level marketers should stop presenting business opportunities as a way for individuals to quit their jobs, earn thousands of dollars a month, make*

*career-level income, or get rich because in reality, very few participants are likely to do that.”* (p.3). Moreover, the FTC argued that many MLMs misrepresent the income participants can earn. Health and income claims are instances of distributor behaviour and decisions for which it is not apparent who can be held accountable and how this is handled. There is no monitoring of the (false) claims made by distributors.

Handling accountability is of extreme importance in organizations since it helps in predicting and controlling behaviour and performance (Frink & Klimoski, 1998). Additionally, with a lack of accountability, it is difficult to overcome other problems in MLM related to performance output and behaviour. Yet it is not evident how distributors handle accountability and why this goes wrong in MLM companies. A thorough understanding of this problem is not perceptible in the MLM literature. Conversely, knowledge of accountability is evident in the literature on SMT, which will be discussed in the next section.

## 2.2 Self-managing teams

In the first section, the concept of SMT will be explained in depth using current literature. Here, the definition and effects of SMT will be elaborated. Secondly, in section 2.2.2 accountability in SMT will be discussed.

### 2.2.1 What are self-managing teams?

Self-managing refers to the activity of individuals who can self-regulate their behaviour and tasks (Goodman et al., 1988). The core element of self-managing in organizations is the decentralization of authority and the increase in workers' autonomy and ability to plan and coordinate internal work to best achieve goals (Hackman, 1986; Lee & Edmondson, 2017; Purser & Cabana, 1999). Over the past decades, the interest in self-managing has increased (Renkema et al., 2020).

In practice, self-managing in organizations is generally translated into SMT. SMT is not a new organizing principle; it has been debated since 1951 in the study of Trist and Bamforth, but the concept is still contemporary (Trist & Bamforth, 1951). For a more recent translation of SMT, Bondarouk et al. (2018, p.12) define SMT as: *“groups of interdependent individuals who have the autonomy to self-regulate their behaviour on relatively whole tasks, they possess a variety of work skills, are responsible for decision making, monitoring and altering their performance, they fulfil traditional management tasks and meet company goals”*. To date, a large and growing body of literature about SMT has been known. However, disagreements about the effects of SMT are still present. Some argue that SMT leads to fewer disturbances in the operational process (Achterbergh & Vriens, 2019), whereas others argue that SMT are sensitive to conflicts due to their ability to alter

organizational structures (Langfred, 2007). Overall, the Socio-Technical Design Theory from Ulbo de Sitter (1997) - the Integral Organization Renewal - is most widely used for designing an organizational structure with SMT. Following this theory, a SMT can work independently from other teams (Purser & Cabana, 1999; Achterbergh & Vriens, 2019). As a result, there are fewer relations and dependencies among employees, which reduces the structural complexity of the organization. In turn, employees' autonomy and level of job control increase since working in a SMT means broad tasks with high regulatory power (Achterbergh & Vriens, 2019; Kuipers et al., 2018). According to de Sitter (1994; 1997), this leads to higher effectiveness of the organization (quality of the organization) and higher employee well-being (quality of work). This is exemplified in the study of Abd All Ghali et al. (2018), which concluded that SMT contribute to organizational success. Additionally, it improves work motivation and commitment (Muthusamy et al., 2005; Renkema et al., 2020).

However, while a lot of research has been done on the positive aspects of self-managing and SMT, considerably less research has focused on the negative aspects and limitations. Martela (2019) contends that implementing SMT will only prove useful when there is a high degree of independence between units, which means little need for mutual coordination between teams. Additionally, working in a SMT increases the number of responsibilities (Cooney, 2004). As a result, employees must have a high level of expertise and motivation to cope with these responsibilities.

### 2.2.2 Accountability in self-managing teams

According to De Leede et al. (1999), employees in SMT have the responsibility to perform tasks and manage these tasks themselves. Here responsibility refers to the willingness or necessity to answer certain questions (Lucas, 1993). For these responsibilities in SMT, employees can be held accountable. Accountability in SMT can be defined as being able to mutually hold the team and its team members answerable for their performance outputs, consequences of their decisions and behaviour (De Leede et al., 1999; De Leon, 2001; Muthusamy, 2005; Stewart et al., 2021; Thoms et al., 2002).

Mutual accountability is an essential aspect of working in a SMT (Harrel & Alpert, 1979). Frink and Klimoski (1998) argue that when individuals are not answerable for their decisions and behaviour, there won't be any common expectations or a foundation for social order. The need for accountability in SMT increases since the employees of the organization have extensive autonomy in their work and increased responsibilities (Cooney, 2004). Because SMT are paired with decentralization and managing tasks autonomously (Lee & Edmondson, 2017), employees are required to take accountability for all their work and behaviour. To better understand what accountability in SMT looks like, the concept will be examined on the *individual, team, and organizational level*:

#### Accountability on the *individual level*:

Working in a SMT means that one can no longer be dependent on direct supervision by managers (Cooney, 2004; Muthusamy, 2005). The tasks of the individual team members are overlapping. This means employees can perform different tasks, which also include tasks typically done by managers such as planning and monitoring work and behaviour (Kuipers et al., 2018). According to Thoms et al. (2002), the absence of the managerial layer between employees and executives has increased the accountability of SMT members. On the individual level, this is translated into employees being accountable for their own work output and behaviour inside the team, rather than managers or other supervisors. Each role comes with distinct accountabilities (Lee & Edmondson, 2017), and team members need to take account of their contribution towards the team (Cooney, 2004; Achterbergh & Vriens, 2019).

#### Accountability on the *team level*:

Following the literature on the Socio-Technical Design Theory, teams can operate independently from each other (Achterbergh & Vriens, 2019; De Sitter, 1997; Kuipers et al., 2018). This means the teams are responsible for their own output, which also includes accountability. Working in a SMT implies a high level of interdependence between team members; working together is essential for successful performance (Achterbergh & Vriens, 2019; Langfred, 2007). This high level of collaboration inside the teams results in the fact that accountability is not only handled by individuals but through a variety of team members. The members are also accountable to and for each other, which is called *mutual accountability* (Stewart et al., 2021). This implies that the team as a whole is accountable for the output and decisions of all team members (Cooney, 2004; De Leede, 1999; Purser & Cabana, 1999). In other words, a team member can be held accountable for his or her tasks. Additionally, the whole team is accountable for all team members' tasks.

#### Accountability on the *organization level*:

On the organization level, De Leede et al. (1999) contends that even when responsibilities for executing tasks and managing work are delegated to the teams, the organization can be held partly accountable. In this study, it is critically argued that giving SMT authority does not automatically make them accountable. Only when teams act in a responsible way, they can be held accountable. This is consistent with Bovens (1990) argumentation that to be held accountable, people must have the opportunity to act responsibly. From this perspective, organizations can always be held accountable since the SMT are part of the organization. Additionally, Kuipers et al. (2018) and De Sitter (1997) argue that although SMT are self-regulatory, some regulatory tasks still require being carried out at a more centralized level. When considering long-term strategic decisions, for example, the organization remains

accountable as these tasks are not executed by the SMT. Based on this understanding, accountability in a SMT is handled and shared on three levels.

These three *levels of accountability* can serve as guidelines for how a SMT approaches accountability. Knowing what accountability in a SMT entails, it is essential to understand how accountability is designed and where it originates. The next section on accountability by organizational design will elaborate on this.

### **Accountability by organizational design**

Literature on designing SMT in organizations is frequently built on the Socio-Technical Design Theory. This design theory is about humanizing work through the redesign of jobs and democracy at work (Mumford, 2006). The theory is still developing, and a well-known variant is the Integral Organization Renewal (which will be referred to as IOR) from Ulbo de Sitter (1997). IOR is known for its 7 parameters to decrease disturbances in the organization and increase regulatory potential (Achterbergh & Vriens, 2019; De Sitter, 1997; Kuipers et al., 2018). It is about designing the production structure (grouping of performance tasks) and the control structure (grouping of control activities) of an organization (De Sitter, 1997). The IOR is most widely used when designing SMT in organizations. More concretely, the micro-level design of the production structure provides guidance on how to allocate tasks and responsibilities among an autonomous and independent team of workers (Kuipers et al., 2018). When zooming in on accountability, the design of the control structure is a key component. The bottom-up design of the control structure places employees in direct responsibility for their tasks. It means that as much regulatory capacity as possible is allocated to the team. This is to reduce the necessity of control and the complexity of the organization and to increase the ability of the team to deal with disturbances (Achterbergh & Vriens, 2019; De Sitter, 1997; Kuipers et al., 2018).

According to Roberts (1993), this occurrence allows shared accountability. The mutual adjustment that is present in the SMT, and the lack of managers is what connects accountability to the concept of controllability. *Controllability* is the ratio between the control demands and the control options (De Sitter, 1997). In his study, Roberts (1993) states that people do not mind being held accountable when they are given the ability to control their tasks. The controllability principle is about holding people accountable only for what they can control (Merchant & Otley, 2007). This principle is an important indicator when designing SMT (De Sitter, 1997; Roberts, 1993). Working in a SMT, employees must have control over their tasks since there are no managerial layers and direct supervisors to do this.

According to the literature, control over tasks comes from regulatory potential (De Sitter, 1997). De Sitter (1997) argues that regulatory potential is the capacity to control tasks and disturbances. Kuipers et al. (2018) provide more guidance on regulatory potential. They contend that the internal allocation

of regulatory potential is defined by the design of the production structure. The decentralized control is what makes teams self-regulatory and autonomous. This reduction in centralized control leaves a hierarchy of accountability, where each level in the organization has control and responsibility over its own tasks (Purser and Cabana, 1999). Enhancing the capacity of team members to manage their own tasks, is what increases the level of accountability in SMT (Purser & Cabana, 1999). In the same vein, Lee and Edmondson (2017) point out that a hierarchy of accountability is what remains in an organization with SMT. This interpretation contrasts with the literature on IOR, which argues that SMT are designed to reduce hierarchical layers.

Collectively, the studies on designing SMT outline the importance of organization design when talking about accountability. Moreover, it states where accountability originates in the organization. However, these studies do not make apparent how the team and its members are held accountable. This will be covered in the next section on how to deal with accountability.

### **How to deal with accountability in SMT?**

The question remains what the literature of SMT tells on how the team and its members are held accountable. How is accountability achieved in SMT? There are different mechanisms for dealing with accountability. In a study about self-directed work teams in the public sector, De Leon (2001) investigates how teams hold their members accountable for their results and behaviour. He claims that the methods of accountability employed by the SMT are at first hand informal in nature. However, besides informal mechanisms, there are also formal mechanisms for monitoring accountability (Cooney, 2004; Frink et al., 2008; Merchant & Otley, 2007).

Before being able to hold the team and its members accountable for their results and behaviour, they need to be aware of what is expected from them (Merchant & Otley, 2007). Clear and measurable goals are extremely important for a SMT. According to De Leon (2001), the reason for this is that unclarity about goals can lead team members to have a disagreement about which tasks to perform and how to conform to group norms. This can cause conflicts about who is accountable for which tasks, and when someone can be addressed on their accountability. Therefore, a *collective understanding* of what accountability for the team implies is necessary (Stewart et al., 2021). When these expectations are defined, the team and its members can be held accountable through informal and formal mechanisms.

#### Informal accountability mechanisms

De Leon (2001) points out that team members can be held accountable for their behaviour through informal, *individual communication between team members*. For instance, this might refer to whether a specific performance is delivered or why someone shows certain behaviour.



Additionally, Stewart et al. (2021) stress the importance of *ongoing interactions between team members* for holding each other accountable. According to Deffains and Vu (2013), informal accountability mechanisms are often not written rules and are proactive and responsive.

#### Formal accountability mechanisms

In contradiction to informal mechanisms, formal mechanisms are often well-written rules and policies and are perceived as direct control (Deffains & Vu, 2013). These mechanisms translate themselves into performance appraisal systems (Cooney, 2004; De Leon, 2001), used to address team members on their accountability. Members are *monitored and evaluated* on group norms, quality and work standards, team performance targets (Cooney, 2004; Frink and Klimoski, 1998), and *behaviour* (De Leon, 2001). These mechanisms are used to hold the team and its members accountable for their performance output and behaviour.

In addition, *formal team meetings* can be organized to deal with accountability (De Leon, 2001).

To conclude, handling accountability requires *skills and competencies* that members need to train and develop (De Leon, 2001; Merchant & Otley, 2007; Yeatts and Hyten, 1998). Team members need to be able to address problematic concerns about performance and behaviour and hold other members accountable. Finally, there must be *consequences* for failing to maintain accountability to guarantee that the team and its members take their tasks seriously (De Leon, 2001). Similarly to this, according to Merchant and Otley (2007), poor performance must be punished in the absence of accountability, while good performance must be rewarded. Rewarding good behaviour is just as important as rewarding good work performance (Yeatts and Hyten, 1998).

#### **The effects of accountability in SMT**

As a result of the team and its members having to shoulder a high level of accountability, many impacts arise. According to the IOR, making people responsible and addressable for their own tasks, reduces the need for managers to exercise control over them (De Sitter, 1997). Employees may feel more motivated and involved since they have broad regulatory tasks (Kuipers et al. 2018). This implies that a high level of accountability can improve employee satisfaction. In a quantitative study by Thoms et al. (2002) the participant's job satisfaction and trust in the management increased when they felt more accountable towards co-workers. This signifies that a high level of accountability may improve employee satisfaction and trust. This finding is consistent with that of comparable studies on the IOR. Along similar lines, multiple researchers claim that the increased level of accountability in SMT results in a greater ability to contribute to the achievement of results, and hence higher effectiveness and better performance (De Leon, 2001; Frink et al., 2008; Yarnold et al., 1988).

Furthermore, Frink et al. (2008) found that a high level of accountability improves the reputation of a company.

Many studies in the field of accountability in SMT focused on the positive effects. Less is known about the potential negative effects of accountability in SMT. As has been argued, more accountability leads to a higher quality of work. According to Achterbergh & Vriens (2019), this can be translated into more controllable stress conditions. However, it is debatable if a higher need to take accountabilities for your work and behaviour (and that of co-workers) results in more control over stress conditions. Holding team members accountable calls for certain skills and competencies (De Leon, 2001; Merchant & Otley, 2007; Yeatts and Hyten, 1998). This might, in turn, lead to increased stress and higher work pressure. To convey the fundamental concepts of SMT and MLM that have been covered, the following section will exhibit the conceptual illustration of the research.

### 2.3 Conceptual illustration

Figure 1. illustrates the conceptual lens that is used to explore, explain and address accountability problems in MLM. More specifically, the illustration consists of the two main concepts in this research: SMT and accountability in MLM. The guidelines and mechanisms to handle accountability in SMT are the sensitizing concepts that are provided as starting points and guidance for the data collection and building the analysis.

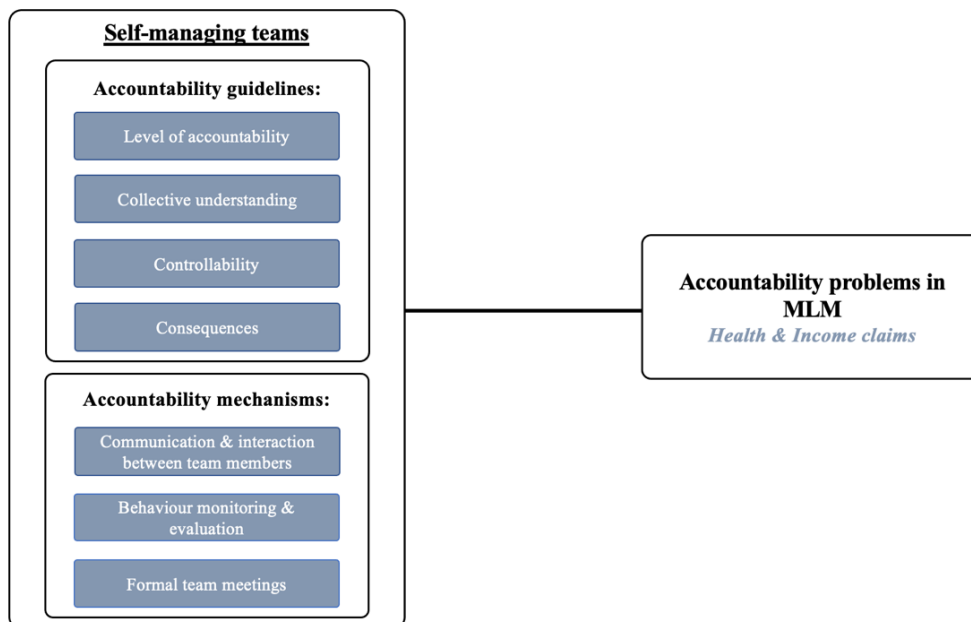


Figure 1. Conceptual illustration

## Chapter 3. Research methodology

This chapter explains how the research was conducted and why these methodological choices were suitable to address the research question. The chapter starts with an outline of the philosophical background of the research.

### 3.1 Research philosophy

This research utilized a critical theory perspective. This philosophy is consistent with the purpose of the research since critical theory is oriented on the critique and transformation of constructions (Guba & Lincoln, 1994). It is assumed that reality is shaped by history and has various perspectives. By describing and analyzing society, intending to preserve social justice and increase the freedom of people, critical theory served as an excellent starting point for the research. This implied that there was a focus on the role played by the interest, social and economic status, values, and knowledge of the participants. Additionally, the researcher needed to be conscious of the problems of accountability and the concept of SMT to effectively engage with the participants. For the data collection, a critical theory perspective required a dialectical dialogue between the researcher and the participants to transform ignorance and misconceptions into informed consciousness (Guba & Lincoln, 1994). This dialogue was conducted during the interviews. For the research, this implied a recognition of multiple perspectives.

### 3.2 Research design

Since the research contributes to the scientific knowledge about MLM, it can be stated that the research is primarily theoretically oriented. This research utilized SMT as a conceptual lens to investigate accountability problems in MLM. According to Bleijenbergh (2015), theoretical oriented research is best suited when testing or exploring a theory. For this study, a qualitative approach was favoured as it is a method of inquiry that enables the researcher to study a social phenomenon in context, aimed at gathering and interpreting linguistic material to make statements about this phenomenon (Bleijenbergh, 2015; Meyers, 2020). Moreover, this approach allowed for the study of an organizational context (*SMT in Amway*) in which individual behaviour (*self-managing and accountability activities*) occurred. Qualitative methods are more useful for identifying unexplored concepts than quantitative methods could do.

The research was conducted through a single case study with primarily inductive theory generation. The unit of analysis in this research is the MLM industry, with the MLM company ‘Amway’ serving as the unit of observation. An exploratory approach best characterized the research since its purpose was to explore accountability problems in order to gain a better understanding. In their research, Groß & Vriens (2017) have conceptually addressed the problem of accountability in MLM. Conversely, this

research sought to develop a more in-depth empirical understanding of the problem. When there is a research gap that necessitates an exploratory method, inductive research is best suitable according to Bleijenbergh (2015).

A case study research design allowed the collection of empirical data from people in organizations, facilitating a novel contribution to knowledge (Meyers, 2020). With a case study, multiple types of data collection were utilized. Interviews, observations and secondary data were performed to achieve a comprehensive exploration and explanation of accountability problems in MLM. Additionally, the possibility to examine the lack of accountability in-depth contributed to a deeper understanding of the problem. However, it is important to acknowledge that a disadvantage of conducting a case study was the difficulty of gaining access to MLM distributors. To cope with this problem, the research focused on the MLM company Amway, which will be explained in the next section.

### 3.2.1 Scope

This research aimed to explore if and how mechanisms and guidelines that enhance accountability in SMT, can be applied in MLM companies to understand the lack of accountability. To investigate this empirically, the research focused on Amway as a MLM company. With a revenue of 8.9 billion USD in 2021 (Amway, 2022), Amway is considered the largest direct-selling organization in the world. In addition to these enormous earnings, Amway is known for its 1979 lawsuit against the FTC. With the ruling of this lawsuit, MLMs have utilized the Amway model to refute accusations of pyramid scheme activities (Van der Nat & Keep, 2002). The research empirically concentrated on health and income claims as instances of accountability problems in Amway. This was done to illustrate the problem regarding the data collection and to ensure that the research is feasible in terms of writing the results. The target population consisted of active and former distributors of Amway. Multiple gatekeepers who are or have been distributors of Amway were already identified. These gatekeepers were willing to participate in the research. To complete the research within the given timeframe, 8 persons have been interviewed, 1 observation was conducted, and various secondary materials were analyzed. With this scope, it is feasible to generalize the empirical results to the theory level of MLM literature.

### 3.3 Data collection

In this research, primary and secondary data were gathered. The data was collected through interviews, an observation and secondary data. Interviews were used to explore how accountability is dealt with in MLM, as they provided the opportunity to directly ask the interviewees about their experiences (Meyers, 2020). The interviews were conducted face-to-face online or in person and were semi-structured. A semi-structured interview had the advantage of allowing the researcher to come up with new questions during the interview (Meyers, 2020). Appendix 1. contains the first and final interview

guide which has been refined following the first few interviews. In addition to using the gatekeepers' assistance for participants, LinkedIn was used to recruit additional participants. The search criterion for these participants was that their profile needed to contain information confirming their status as an active or former Amway Business Owner. The first participant was obtained through a social relation after that, snowball sampling was utilized to acquire more participants. The respondents who were interviewed and their distributor status are listed in Table 1.

<b>Respondent number:</b>	<b>Distributor status:</b>	<b>Language interview: <sup>1</sup></b>
1	Former Amway distributor	Dutch
2	Former Amway distributor	English
3	Active Amway distributor (high-level)	Dutch
4	Former Amway distributor and social media activist	English
5	Former Amway distributor	English
6	Active Amway distributor	Dutch
7	Amway employee	Dutch
8	Former Amway distributor	Dutch

*Table 1. Respondents interviews*

To maximize the utility of triangulation, participant observation as a fieldwork technique was conducted likewise. This involved observing and participating in an online Amway seminar on Zoom with multiple active distributors and numerous potential distributors. The observation of Amway distributors allowed for gaining an in-depth understanding of the attitudes, values, and practices in a weekly meeting. The aim was to observe if and how information was spread about holding distributors answerable for misleading health and income claims. The focus of this participant observation was on the activities of the observant, i.e., activities related to accountability. According to Spradley (1980), this is one of the three primary elements in participant observation. Notes and memos were taken during the observation to create a field report for the data analysis, which can be requested. Sensitizing concepts were used to guide the interviews and observations. These concepts helped to direct the focus during the data collection and facilitate the data analysis process.

Secondary data was collected through public documents from Amway. Additionally, a distributor provided access to his personal Amway account. Prior to the first interview, this respondent noticed the need for assistance in the research and offered access to his account. This offered relevant data for the research, an overview of all secondary data can be found in Appendix 3. The purpose of collecting secondary data was to complement and support the primary data. Because of the wide variety of this data, it was essential to ensure that the content of the data aligned with the research purpose and question. The relevance of the data was an important criterion, any data related to accountability,

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<sup>1</sup> In favour of the readability of this research, all Dutch quotes are translated to English.

responsibility and misleading claims was evaluated. By combining different methods for data collection, triangulation of methods was applied. This increased the validity as well as the quality of the research (Bleijenbergh, 2015).

### 3.4 Data analysis

The data analysis involved analyzing the conducted interviews, observations, and secondary data. After transcribing an interview, the data was analyzed accordingly. The goal of the data analysis was threefold. First, it aimed to reduce the amount of data in order to concentrate on the most important components (Meyers, 2020). Second, the analysis sought to transform the data into something meaningful by coming up with insights that help to understand the lack of accountability in MLM. Third, by analyzing the data, patterns and relationships were identified by comparing and combining the collected data. The data analysis followed a bottom-up approach, where theoretical statements emerged from the empirical data. This approach aligned with the inductive research approach, as described by Meyers (2020). More concretely, the interviews were analyzed using the coding technique, whereby codes were assigned to the data ranging from concrete to abstract levels.

The coding process for the interviews was conducted in three steps (Boeije, 2005). The first step was open coding, which involved descriptive codes closely matching what the participant stated. Axial coding was the second step in the coding process. Here the aim was to search for links between the descriptive open codes to generate overarching themes. The final step compared the axial codes to recognize patterns and develop a structure for the findings chapter. These three steps, according to Corbin and Straus (2008), guide the data analysis and result in a codebook and theoretical statements. Throughout the coding process, the SMT mechanisms of performance appraisal systems and group norms & targets appeared to be absent. These concepts from the literature on SMT were not recognized or understood by respondents. As a result, these mechanisms were removed as sensitizing concepts in the conceptual illustration depicted in section 2.3. By refining the sensitizing concepts and the interview questions, the outline of explore, explain and address emerged as a structure to break down the problem of accountability.

The observations were analyzed using the field report and the memos. The use of memos during the analysis provided the opportunity to see the thinking process of the researcher from a distance. An overview of the concepts and assigned codes to the data can be found in Appendix 2.

Secondary data was analyzed using the same coding process as the interviews. This involved categorizing the data to examine the meaning of written or visual sources, as described by Payne and Payne (2004). To increase the quality of the analysis stage triangulation of sources was applied. This

implies that the outcomes of the interview and observation from different data sources were compared (Bleijenbergh, 2015). The different sources included the perspectives of Amway distributors as well as former distributors. Furthermore, peer debriefing sessions were conducted with fellow student researchers to enhance the quality of the analysis and reflexivity. These sessions provided an opportunity to discuss and reflect upon the methods and findings, ensuring a more comprehensive and rigorous analysis.

### 3.5 Research criteria

To assess the quality of the research, Lincoln and Guba (1985) provide four criteria: credibility, transferability, dependability, and confirmability. Symon and Cassell (2012) validate these criteria based on more recent research. First, credibility is about whether the evidence is an authentic representation of what happened (Lincoln & Guba, 1985). To meet the criterion, several data collection methods and sources were used. Triangulation is an essential component of this research. Furthermore, member checking indicated that the transcripts of the interviews were an adequate representation of the participants' findings. To aid in the research process and document how the research is carried out, notes and memos were retained. These actions ensured that the research is an authentic representation of what occurred. These multiple insights also enhanced the credibility of the research.

Secondly, transferability refers to the degree to which the research is comparable and applicable in other contexts and situations (Symon & Cassell, 2012). An extensive description of the case and the research context was provided to achieve this criterion. This description included details of the research settings, participants, and the methods used for data collection and analysis. This will make it easier for other researchers to determine if the findings are transferable to other situations. The rich insights gathered from multiple methods of data collection allow the data to be applicable to a broader context. Furthermore, the respondents are an accurate representation of MLM distributors. Interviews with active and former distributors as well as an Amway employee provide an authentic and comprehensive presentation of people connected to the MLM industry. This makes the research of Amway transferable to other MLM companies.

Thirdly, dependability relates to the question of whether the researcher's bias has been taken into consideration (Lincoln & Guba, 1985). Additionally, dependability entails showing which methodological changes are made during the research process and their justification (Symon & Cassell, 2012). Memos and a description of the research process, including the data collection, analysis, interpretation of findings and reporting results, were made to show this. Lastly, self-reflection was aided by reflective notes on the researcher's involvement. These notes helped to

elucidate how and when personality and own values and beliefs played a role in the research. This self-awareness contributed to the overall quality and dependability of the research.

Lastly, confirmability is the ability to identify the source of the data and the process by which it is transformed into findings (Symon & Cassell, 2012). To establish trustworthy research, the interviews were transcribed, and the observations resulted in a field report. Together with a member check, these reports show that the findings are an objective reflection of the data collected. Lastly, a codebook is the result of the data analysis which showed the steps taken in the analysis. In addition to these four criteria, critical theory as a research philosophy is accompanied by the criteria of discursive democracy. This entailed that the research needed to encourage participants and readers to see the world in new ways (Guba & Lincoln, 1994). Moreover, the research needs to lead to possibilities for change. During the interviews, the researcher tried to let participants envision their (former) distributorship differently, one that emphasizes accountability and how to act on it.

### 3.6 Research ethics

To ensure the ethical quality of the research, various measures and concerns were considered. The importance of ethical concerns in the research will be addressed from the five principles of ethics from the Netherlands Code of Conduct for Research Integrity (NWO, 2018).

#### **Honesty**

Honesty reflects accurate reporting of the research process and the results, as well as taking alternative opinions seriously (NWO, 2018). To meet honesty, all participants were informed about the aim and approach of the research prior to the data collection. Participants were provided with opportunities to withdraw from the research at any given time and without giving a reason. As MLM is characterized by its strong culture and socialization (among others Groß & Vriens, 2017), it was sometimes challenging to achieve honest answers and critical thinking from active distributors. Therefore, the participants were informed about their expected contribution. This informed consent created an understanding between the researcher and the participants. These measures were taken in the introductory talk before the interview. The research was communicated to the participants by phone and email contact. In addition, member checks were conducted to ensure an honest and accurate reflection of the participants' findings.

#### **Scrupulousness**

Scrupulousness is about whether the methods used are scientific and executed with care (NWO, 2018). An audit trail about the research process was made to ensure this principle. This demonstrates that the data was gathered, analyzed and interpreted carefully and precisely.



## **Transparency**

Transparency entails that it is apparent how the research is conducted (NWO, 2018). In order to be transparent, the participants were informed of the research findings. After the data collection, the interview transcripts were shared with the participants which allowed them to review the findings, give feedback and ask about uncertainties. One respondent made use of this option. After the findings and conclusion were written, the final report was shared with the participants again. This provided the participants to have a final check before the results were forwarded to the supervisor and published on the repository. No remarks were returned by the respondents. By facilitating the evaluation of the findings and making the data analysis and conclusions public, the research contributed to transparency (Lupia & Elman, 2014). A limitation to sharing the findings was the confidentiality and anonymity agreement made with the participants. Before any data collection with participants, it was agreed that the identity of the participants will be protected by anonymizing names and making findings not available to other parties when desired. By respecting participants' privacy and handling the data with care, confidentiality was ensured (Guillemin & Gillam, 2004).

## **Independence**

Independence refers to the ability to prevent the research from being influenced by outside factors and non-scientific considerations (NWO, 2018). The main ethical concern of independence was the possibility that the researcher was influenced by the gatekeepers of the research. The gatekeepers are participants that are acquaintances of the researcher. To ensure an independent researcher and not be influenced by outside forces, the data collection with gatekeepers was conducted in their personal environment. This was their home or a familiar place, here the gatekeepers were at ease and felt confident. This encouraged them to openly talk about accountability in MLM. In addition, there was a reflection on potential biases after each interview, which were noted and considered for the data analysis. This has ensured that the researcher engaged the data collection from an objective and critical perspective.

## **Responsibility**

Responsibility is about recognizing that the researcher does not operate in isolation and considers other interests (NWO, 2018). The researcher acknowledges his interest in MLM and already attained experiences with Amway. Reflective notes about the researcher's feelings and personality were made to ensure transparency about the interests and responsibilities. In addition, the researcher bears final responsibility for the outcomes of the research and for upholding the ethical principles (Guillemin & Gillam, 2004). Another important responsibility of the researcher was the treatment of participants. Participants were treated with care and dignity. The researcher provided a safe environment to openly talk about MLM and accountability and mentioned this before each interview.

## Chapter 4. Research results

The goal of this research is to explore accountability problems on misleading claims using the concept of SMT, as well as to explain and address the lack of accountability in MLM utilizing this organizational concept. According to the data gathered, misleading claims about products and income opportunities were well-known among respondents. The next subchapters use the SMT literature to explore, explain and address the lack of accountability; in order to break down the problem of accountability.

### 4.1 Explore

This section is about how Amway distributors deal with accountability on the three levels that are also applied in a SMT. It presents the findings on the question: How does accountability in Amway look like on these three levels? Therefore, this section is an in-depth exploration of the problem.

#### 4.1.1 Individual accountability

In the SMT literature, individual accountability is about being accountable for one's own work output and behaviour inside the team, rather than managers or other supervisors (Lee & Edmondson, 2017). From the data, this level of accountability was found lacking. At the same time, Amway distributors acknowledged that they are responsible for their tasks, they argued that they do not bear personal accountability for their work output and behaviour inside the team. Thus, a clear distinction seems to be made at Amway between being responsible for certain tasks, but not accountable for it.

In line with that what the SMT literature described about responsibility, Amway distributors were found to be responsible for executing their tasks. Which is related to the control they have, to regulate their work. As a respondent stated, nothing would happen to Amway distributors' businesses if they did nothing. Hence, this responsibility relates to their tasks as an independent business owners: *"As an entrepreneur, that is of course, hey, you are responsible for your own income and you are responsible for everything you do yourself, you know."* (R6). Respondents were aware that they are responsible for their contribution towards their team, and also were expected to be so as outlined in documents. This is also referred to as personal accountability in the Business Building Principles document on the Amway website.

Different from what one could expect based on the SMT literature; responsibility as just described is not regarded the same as accountability. The respondents felt that it was their responsibility to perform certain tasks, but they did not feel bearing accountability for the consequences of these tasks. Respondents claimed that they could not be held accountable for making misleading claims. A common view amongst respondents was that accountability was lacking on this level: *"So that was something that accountability, I guess was definitely lacking."* (R2).

Individual accountability, i.e. being answerable for one's own tasks, is mainly absent due to several methods in which Amway avoid distributors bearing accountability for their tasks. In the data three different ways were found how Amway indirectly urges distributors to avoid their individual accountability:

- First, Amway distributors did not seem to be confronted with being held accountable. In the interviews, they reported that they never experienced being held accountable for claims or behaviour. Thus, as a consequence, being accountable did not seem very relevant to them. This is evident in the case of a former Amway distributor. The respondent stated she felt that the company took away her personal accountability. Along similar lines, another respondent illustrates this finding: *"I never felt personally accountable for it. I never felt like oh oh something is going to happen and then people are going to hold me responsible, because I cannot imagine anything that would be like that"* (R6). Distributors have no real experience with accountability since making misleading claims is loosely monitored and without proper consequences. The feeling of no one who oversees you allowed the respondents to make misleading claims and disclaim individual accountability. Section 4.1.3 provides an elaboration of Amway's loose monitoring.
- Second, respondents mentioned that the feeling of being accountable for their tasks and behaviour was transferred to other things such as the products. This is another example of individual accountability being avoided. One respondent said: *"Oh yeah, that's got to be what it is because that takes the accountability away for me. I'm no longer a fault. That's what it is, it's the razor blades."* (R4). It was indicated by respondents that it was easy to put the blame on the products of Amway. If something did not meet any expectations of what a distributor stated, customers could send back any product with the return policy of Amway. One respondent mentioned that with the good working customer service of Amway, customers would just blame Amway for everything and not necessarily the distributors. This makes it easy for distributors to avoid their individual accountability. As one respondent put it: *"So why bother with accountability then?"* (R1).
- Third, with the loose monitoring, no consequences, and accountability being transferred to products, most respondents concluded that bearing accountability for misleading claims literally depends on the individual person: *"I think it depends on the person, the person's character, the personality, because you know some people are more aggressive, some are more weak."* (R5). Whereby, addressing team members on their individual accountability also depends on the value of a person in what he or she pursues: making truthful statements or making money. For those with various roles in society, this personal value may likewise differ. According to one respondent, he is better at monitoring the claims he makes about Nutrilite products since he operates his own personal training business.

Through these three ways, Amway on the one hand creates an environment where it is easy for distributors to avoid individual accountability. As a result, distributors feel a sense of detachment from personal accountability. On the other hand, accountability ultimately depends on the choices and characteristics of each individual distributor.

Even though most respondents admitted that they avoid their accountability. A double-diamond Amway distributor and an Amway employee stood out and argued that individual accountability is handled by the distributors. He stated that when someone makes misleading claims, it is their own accountability that they must bear. This distributor claims that no one needs to confront people about their accountability because everyone is accountable for their own obligations. The next quotation exemplifies this discovery: *“Look, the only thing you can do is just within your own capabilities and within your own responsibilities as if I feel that for myself, but also towards Amway. (...) A lot of people of course like to always point to someone else, but then three fingers point to yourself.” (R3).* Along similar lines, this can be found in an Amway document on the Business Conditions. Chapter 4.3.5 in this document states: *“ABO’s are responsible for compliance with all relevant rules on misleading advertising and unfair trade practices.”*

#### 4.1.2 Mutual accountability

Accountability in a SMT is managed by both the individual and the team. The team must be mutually able to hold its members answerable for tasks and behaviour (Stewart et al., 2021). The context of mutual accountability in Amway differs from the literature on SMT. There are two main reasons why accountability on the team level is lacking which, will be explained accordingly.

The first reason is that each Amway distributor is responsible for his or her own tasks and behaviour. The next quotation exemplifies this finding: *“ (...) the point is that everyone is responsible for his or her own actions. I can hardly hold others accountable. I can call them out. But I cannot hold them accountable for my or for their own tasks.” (R1).* Another respondent expressed a similar statement: *“No, no, no. You can never be held accountable as an ABO for anything that people on your team do.” (R3).* He argued that the reason for this is because distributors are independent business owners. The responder stated that, because everyone is autonomous, team members cannot hold other distributors accountable for certain behaviours. This refers to the findings in section 4.1.1, which state that each individual is accountable for their own tasks and behaviour. The respondents acknowledged that they are not accountable for other distributors' tasks and behaviour. This indicates that mutual accountability is not present at Amway.

The second reason why accountability at the team level is lacking, is because distributors are not able to hold each other answerable since they have no control over their team members. One individual

stated that she can't control people in her team and stop them from making misleading. The moment she would, her downline could go and do it anyway since it is helping them increase sales. The following quote illustrates the experiences of a different former distributor: *"I'm sure I could call somebody out, but it wouldn't mean anything. It wouldn't matter because people there was so much freedom. (...) They're going to do anyway I had as a business owner, you don't have any control over your downline unless you manipulate them mentally, which happened a lot."* (R4). Or as another former distributor said: *"So in that sense, I had no control over my downline."* (R8).

Interestingly, one respondent brought up instances of mutual accountability. Whereas in the SMT literature mutual accountability would be for team members delivering a certain outcome regarding tasks (Lee & Edmondson, 2017); at Amway, mutual accountability appeared to be only related to criticizing the company. This respondent claimed that team members were held accountable for actions that could potentially harm the business, for example when a distributor speaks out about Amway negatively or critically: *"If you speak out about Amway, then you'll be held accountable for it."* (R4). The respondent stated that she had been reprimanded by her upline as a result of her team member's negative remarks about Amway. The following quote illustrates this finding: *"I got a message from my upline saying that my sister's comment was extremely negative (...) I needed to have a conversation with my sister about the way she talks about business problems in a private manner because we don't want other people seeing that."* (R4). In this case, the upline was held answerable for negative behaviour and statements of the downline. Therefore, mutual accountability was only present when team members criticized the business. Interestingly, this view was echoed by two other respondents: *"They're not going to hold each other accountable, (...) but they are going to hold each other accountable to being like, hey, that's not that's not positive to Amway."* (R5), and *"People who had critique for example, they were dismissed as people who did not understand the business."* (R8). Hence, mutual accountability in MLM has a different meaning compared to the SMT literature.

A prevailing perspective amongst respondents was that the upline's role is essential when considering mutual accountability among a group of distributors. The findings indicated that the upline can facilitate mutual accountability in their team due to their hierarchical status as a mentor. Nearly all respondents acknowledged that the upline was the coach of the team and the person to whom one should direct queries or other issues: *"But if there are questions or specifics, you always climb up. Always to the person who applied you."* (R6). This was also promoted in the observation of an online seminar. Here a lot of emphasis was being placed on the person who invited you, which is your potential upline. As a respondent stated: *"Also like, it depends on who is like the upline to kind of to be more facilitating this kind of behaviour or, trying to steer it back."* (R2). On the question of how accountability is dealt with in a team, a former Amway distributor reported: *"I really think it has to do with who your upline is, because your upline coach kind of sets the tone for the team right. So if your*

*Upline coach is trying to do things the right way, you're going to follow in their footsteps. But if your upline coach is shady you're also going to copy this.*” (R5). These statements indicate that how accountability is dealt with in a team, might differ due to the upline. Respondents expressed a feeling of trust towards the upline on how to sell products and recruit people: *“So if they tell you to just lie and say it prevents this and that because it gets themselves, then you're probably going to do the same thing.”* (R4). With this responsibility, the role of the upline is important in dealing with mutual accountability. As a result, it was noted that there is significant self-policing of accountability inside teams.

#### 4.1.3 Organization accountability

According to the literature on SMT, the organization can always be held accountable since the teams are part of the organization (De Leede et al., 1999). As stated in the MLM literature, headquarters are avoiding their accountability hiding behind the independence of distributors (Groß & Vriens, 2017; Juth-Gavasso, 1985). This statement is fairly consistent with how Amway headquarters deals with accountability. Conversely from the SMT literature, Amway is not held accountable for the distributors but avoids accountability in several ways; hiding behind documents and contracts.

To explore accountability on the level of Amway headquarters, the respondents were asked how Amway deals with accountability. A recurring perspective among several respondents was that Amway provides documents and contracts where topics such as accountability and making misleading claims should be discussed. Before joining Amway, everyone must read and sign these contracts, according to an active Amway distributor and an Amway employee: *“Everyone these days gets neatly handed out all the things. Of course, when they just become a partner, look all things like that, all of it, black on white, all of it.”* (R3). When looking at these documents, in Chapter 4.6 of the Rules of Conduct of Amway (last updated September 2022), the following is stated: *“An IBO shall make only truthful and accurate statements about the business opportunity, products and services offered through or by Amway.”* Chapter 4.9.3 supports this statement by saying that an independent Business Owner of Amway will be held strictly liable for claims they make which exceed the Amway terms. Additionally, Amway indicates in Chapter 2 of this document that IBO’s are responsible for the information they post about products or services: *“This means that you, and not us, are solely responsible for all Content that you upload, post, transmit, or otherwise make available.”* *“Under no circumstances will we be liable in any way for any Content.”*, declares Chapter 2.1.5. This shows that Amway does not take accountability for the content uploaded and brought up by distributors. Amway claims in the subsequent paragraph that they do not control this content and therefore cannot be held accountable. The following quote from Chapter 5, Limitation of liability, exemplifies Amway’s approach to accountability: *“In no event will we be liable, nor do we assume responsibility, for any direct, indirect, special, incidental or consequential damage arising out of or in connection with the*

use or inability to use this site.”. In addition, Amway mentions that IBO’s need to: “*indemnify and hold Amway harmless for claims made to that effect.*”. Amway's Business Conditions document further state that ABO’s are accountable for complying with all rules against deceptive advertising. ABO’s are not permitted to engage in misleading practices regarding product claims or income potentials. These standards are connected to the desire that ABO’s operate honestly and not misleadingly in a paper on Norms for Digital Communication.

These statements in the documents and contracts show that Amway avoids accountability regarding misleading claims made by its distributors. “*It is also is just very clearly stated in the, in the rules of conduct, that you should just never do things like that.*” (R3), said one high-level distributor. This is correct, Amway does call on its distributors to disseminate honest and accurate information. However, they claim that they are not accountable for this. Furthermore, the documents do not guide how distributors should address accountability or the repercussions of failing to do so. The vast majority of the respondents were unaware of these documents and statements. As one respondent put it: “*I'm sure it's there's somewhere now. But no one's reading that stuff, and no one is going to read it and say: you know people are just boiling with it. You only need to sell and recruit.*” (R5). Along similar lines, another respondent commented: “*Yes, but if you have to go through 20 documents to get to that, I think the chances are very small that it will be seen.*” (R1). He mentioned that his upline had never referred to these documents. It is worth noting that his upline is the respondent who claimed that everyone needs to read these contracts before joining Amway.

While hiding behind their documents and contracts, Amway avoids accountability in three ways:

- First off, Amway is not monitoring its distributors on the claims and statements they make. As one respondent stated: “*There are no regulatory agents, like there's nothing that regulates anyone.*” (R6). Another commented that: “*The MLM's not checking and people are making false claims they should be getting in trouble as well.*” (R4). When asked about Amway’s involvement in doing business as a distributor, multiple respondents admitted that Amway is not stepping in regarding topics like accountability and misleading claims. Amway gives distributors freedom to act as they like and does not hold them, or themselves, accountable for it. According to a respondent, the problem is that there is no company oversight on what distributors do and say, therefore Amway is not able to handle accountability. Even a high-level distributor mentioned that it is difficult to monitor all distributors: “*Look but the moment you have of course, three million business partners worldwide, there are always rotten apples among them.*” (R3).
- Secondly, Amway avoids its accountability by urging its distributors to not bear individual accountability. As described in section 4.1.1, Amway achieves this by giving respondents the

feeling that there is no need to take personal accountability for product claims since there is an excellent customer service center and a 90-day return policy.

- Thirdly, Amway attempts to sweep away her accountability. The respondents contend that Amway does this by discrediting any persons that say negative statements about the company or makes misleading claims. As a social media anti-MLM activist stated: *“First they try to discredit the news source or the person they're speaking about or to discredit that person within the MLM.”* (R4). According to this respondent, Amway makes a lot of excuses and downplays matters about critique and bearing accountability. This can be exemplified by the following example from a former distributor: *“So I know I had an issue with one of my upline and said something to her about it, and the answer she gave me was just like I was, like: what are you talking about?”* (R5). Amway instructed the upline to remove the blame and place it back on the downline who was complaining. Amway removed their accountability by replacing the problem towards the individual distributor.

In contrast to these findings where respondents stated that Amway primarily avoids accountability, Amway does handle accountability in some cases. The company holds distributors accountable but only when they are a low-level business organization that means little to them. This finding is shown by the following quote: *“So with the health and the business claims it, they do fire and terminate people for them, but they're very low-level people that don't mean anything. And so they throw these low-level people to the wolves as like, you know, blood sacrifices to the MLM.”* (R4). According to this respondent, Amway uses the low-level distributor networks to make an example: *“What happens a lot is a lot of like throwing people to the wolves to prove that you're following the rules.”* (R4). Amway handles accountability in this scenario by avoiding accountability for the high-level distributor networks. Based on the comment of multiple respondents, the reason for this is that high-level distributors are making a substantial amount of money for the company. As one respondent stated: *“The higher up on the pyramid you are, or the more load bearing your brick is what I like to say. The more you can get away with. And the more the Amway will excuse.”* (R1). In a similar vein, another respondent claimed that if a distributor is recruiting people and making sales, Amway will not stop them since this distributor is helping them grow and make more money. The following quote highlights Amway's avoidance of accountability: *“If you're a nobody, you're going to be made blood but if you're high enough, huh. They'll be made excuses for you, and it doesn't connect to the MLM because the MLM will say well, we have policies and procedures that.”* (R5).

## 4.2 Explain

This section is about guidelines that a SMT requires as necessary before being able to handle accountability. The sub-sections are an explanation of why there is a lack of accountability from a SMT perspective.



#### 4.2.1 Collective understanding and expectations

Before team members can be held accountable, they need to understand what is expected of them. Handling accountability requires a collective understanding of what accountability entails (Stewart et al., 2021). The literature states that a collective understanding starts with being aware of what is expected from a distributor (Merchant & Otley, 2007). From the data, an understanding of accountability was lacking, even though some former distributors were aware of the expectations. As explored, respondents' answers to this showed a dual picture: expectations about tasks on recruitment and sales were clear, but those regarding ethical behaviour were less so.

In line with the SMT literature, the majority of respondents acknowledged being aware of their expected responsibilities. However, these expectations primarily focused on sales and recruitment which were discussed at regular meetings and conversations. According to an Amway employee, respondents receive a program outlining these expectations. The remaining respondents, on the other hand, expressed confusion or thought the expectations were inaccurate. They noted that their upline set these expectations and that it depended on how the upline handled this and what they expected from their downline.

However, while most respondents mentioned that there was a clear set of expectations, there was no understanding of accountability. Nearly all respondents expressed that issues such as liability, being answerable for making claims and holding team members accountable were never addressed in their experience with Amway. Respondents did not understand the accountability they have towards themselves and their team. There was no attention to accountability, and uplines did not create an understanding of how to handle misleading claims. Uplines gave trainings and seminars where they taught distributors how to sell, interact with people and build trust. However, as one respondent mentioned: *"No training was about topics as accountability or claims and statements about products or income opportunities you could make."* (R5). One respondent stated that the only understanding you needed was about products and recruitment. For that, a distributor has accountability towards their upline. Respondents claimed that they were unaware of what accountability meant for them and their team since there was no attention to these matters. The following quotations in Table 2. illustrate this finding.

<b>Respondent:</b>	<b>Quote:</b>
1	<i>"No. Very little attention is paid to that. You actually go right from the point: hey Amway seems interesting, you go right into distribution, promotion and building your customer base. There's actually not being said, the fine print is not discussed with you at length once."</i>
2	<i>"So also I don't think most of the things. Yeah, but there was no like specific meeting for that to like say what you can say and what you cannot say."</i>
4	<i>"There was times where we had a team meeting, but those things weren't addressed. All of our meetings were about sponsoring people and getting sales, things like accountability, things like don't say this, that weren't really addressed, and if it was, I didn't experience there didn't happen on my team."</i>
6	<i>"I never worried about that and I never got into that. Because I also actually, I think also at that time I didn't see a problem at all."</i>

6	<i>"I don't recall ever hearing in a, an instruction or a video or a sound recording of listen: What do you do if you now someone comes to you with a complaint? I don't remember ever hearing any of that. No, because it was actually always the positive approaches not. No. How to deal with something negative was not discussed."</i>
8	<i>"No, that kind of things did not come to my mind at the time, that was not the focus."</i>

Table 2. Quotations respondents on no collective understanding

Accordingly, almost all respondents were unaware of Amway's documents and contracts, for example, the Rules of Conduct or the Business Conditions. Respondents agreed that there was no sense of accountability in their team. Conversely, one respondent acknowledged that his team's message of not making false claims was an underlying one, but accountability for it did not come to his understanding: *"No, there wasn't like a formal meeting on that. It was just kind of part of the underlying message that we shouldn't say that you join and you're going to earn money in two weeks or something like that."* (R2).

Along with the focus on sales and recruitment, another possible explanation for why there was no sense of accountability, was that several respondents felt not comfortable sharing these concerns with team members, particularly the upline. Uplines would downplay these matters and relate back to sponsoring and selling. Interestingly, one high-level distributor said that topics such as accountability and misleading claims were addressed at meetings, congresses, and product demonstrations. This respondent stated the following on what is being said at these gatherings: *"Yes, then at some point it's just always mentioned. Like: guys remember we have a new product, stick to that! Don't go saying all kinds of health claims at some point, because that's just harshly dangerous."* (R3). However, no other respondent acknowledged this finding. Product demonstrations tended to focus on the features of the goods rather than speech restrictions. During the observation of a weekly team meeting, no attention was brought to topics regarding accountability on misleading claims. Furthermore, no participant in the meeting was made aware of Amway's documents and contracts.

#### 4.2.2 Controllability

According to the literature on SMT, team members need to have regulatory potential to control and regulate their work. When given this controllability, team members do not mind being held accountable (Roberts, 1993). Distributors claimed to have a lot of control with which they could make claims and build teams. However, they all had to follow a specific program outlined by Amway.

Working in a SMT, team members can only be held accountable for tasks they can control. For this reason, respondents were asked to what extent they had (or have) control over their tasks and what claims they can make. Nearly all respondents acknowledged that they have full control over their tasks. An active distributor described how this control looks like: *"I decide how much time to spend, and when I put that time in there. There is no one telling me: you have to do this or you have to do that, you don't have to do anything at all."* (R3).

With this control, respondents indicated they can attain the following:

- First off, every Amway distributor can make claims about products and income opportunities. The following quote illustrates this finding: *“You were taken to evenings: this is what we tell people. And then eventually you get to go there by yourself, do that in your own way, and of course you never do that one on one, exactly the same.”* (R6). Respondents described that they have complete control over which claims they can make. A former distributor adds that a downside to this control is that there is no authority to check what distributors claim.
- Secondly, respondents commented that they had (or have) the control to build their own team: *“Sure, look at the moment when people at some point do not meet the norms and values, which I also very strongly represent, then I don't even want them my team.”* (R3). This respondent stated that persons must qualify to join his team. Distributors can pick and choose to build a team. However, as stated in section 4.1.2., they have no control over their downline. They cannot tell them what they should or should not do or say, since: *“everybody is an independent business owner”* (R8).
- Lastly, even though respondents admitted they have no real control over the people on their team, they did mention that with their control they potentially could hold people accountable. Respondents, however, were sceptical: *“So yeah, you can still like kind of circle back to that person like say, like that claim is untrue or but there's not much control because there was in that sense quite some freedom about what anyone was doing.”* (R2). Other respondents pointed out that they might be able to call somebody out for making misleading claims, but that it would be meaningless since they cannot assert control over team members.

Conversely, some respondents stated that they never had real control as a distributor. An active distributor described that there is a clear program new distributors need to follow which states how to make sales and which steps to take to recruit people. They need to adhere to instructions, or, as another respondent put it: *“You have no control because they gave you (...) a book that had the things you should be doing daily. (...) There was a list of things you had to do. You had to do it if you wanted to grow,”* (R5). According to the SMT literature, certain programs reduce the ability to regulate one's work and thus the concept of controllability (Kuipers et al., 2018). A Logistic and Office employee at Amway also acknowledged this program, mentioning that by following the program, distributors get the most out of their business. Due to this program, a respondent never had the feeling he was the person in control.

### 4.2.3 Consequences

According to the literature on SMT, handling accountability must come with consequences (Merchant & Otley, 2007; Yeatts and Hyten, 1998). While the absence of accountability must be punished, good behaviour must be rewarded. Amway distributors acknowledge that there is a lack of consequences for not handling accountability. Conversely, good behaviour is rewarded by Amway.

In the same vein as the literature, respondents stated that meaningful consequences would ensure distributors to handle accountability better: *“So it would just make it more serious to the IBO and let them realize like this is a serious thing and I shouldn't be doing it.”* (R5). Certain actions would also follow from this increase in awareness: *“Yes, then I would definitely alert my downline and draw more attention to it.”* (R1). However, respondents acknowledged that there were no consequences for failing to handle accountability. In addition, respondents indicated that there were also no consequences for making misleading claims, and distributors could say what they want. According to distributors, making misleading claims is not a serious infraction because no one checks on it. One former distributor mentioned that the worst that might happen is receiving a negative review. The quotations in Table 3. demonstrate these findings.

Respondent:	Quote:
1	<i>“There are no consequences attached to it now. In the worst case scenario, I'm, I think I'll get an email or an email or an app saying: watch out what's right, isn't right and all that.”</i>
2	<i>“But I think many they just claim because they wanted to and because there's no oversight, there's no consequences. They can basically do it quite easily most of the time I think if there's no like, any legal consequences inside the company or outside of it.”</i>
4	<i>“It's very hard if you are making a substantial amount of money for the MLM to have to be held accountable for any of your actions.”</i>
6	<i>“Yes, but then those consequences were more that you can't manage to build up something and not that you can get claims, or I don't know what that is? I don't remember that ever being looked out for.”</i>

Table 3. Quotations respondents on no consequences

Conversely, one respondent remarked that there are consequences for low-level distributors. As indicated in section 4.1.3, they are held accountable for misleading claims and negative or critical statements. This is so that they can be used as examples. Additionally, a high-level distributor claimed that there are consequences for distributors who make misleading claims: *“So those kind of people are already traced and have an official warning from Legal. (R3).* He adds that these people might get terminated. Little respondents acknowledged this conclusion. Only an Amway employee mentioned that an ABO can be terminated if there is a breach of contract. Another interesting finding is that multiple respondents claimed that good behaviour is rewarded in Amway. This is consistent with what the literature mentions about the need of consequences. Respondents stated that distributors who reach a certain level and expand their downline will get in contact with Amway, be invited for vacation trips abroad and receive financial bonuses.

### 4.3 Address

This section is about addressing the lack of accountability with the three most recognized mechanisms prescribed by the SMT literature. The respondents were unaware of performance appraisal systems, or group norms and targets as accountability mechanisms. In addition, they stated that there were no real mechanisms at Amway to hold people accountable.

#### 4.3.1 Mechanism 1: Communication and interaction

SMT use communication and interaction between team members as an informal accountability mechanism to hold each other members accountable and enforce accountability (De Leon, 2001; Stewart et al, 2021). Communication is important in Amway, although it primarily focuses on sales and recruitment rather than addressing accountability.

Respondents admitted that they felt an atmosphere of open communication in their team: *“Everyone was always willing to help and easy to contact” (R8)*. As a distributor, communication and interaction mostly were with their upline and the people they recruited to their downline. The frequency and nature of communication varied depending on the upline’s approach, including huddles, weekly team meetings, phone conversations and WhatsApp messages.

Contrary to what the SMT literature requires, respondents acknowledged that these forms of communication were not used to address accountability, but to increase sales and grow their downline. Interestingly, respondents had no experience with actually holding team members accountable for making misleading claims. However, if they encountered such situations, respondents emphasized the value of communicating directly with team members: *“Yes, well, I would just start making contact, either by phone or through an email. In any case, make contact with the person and discuss the issue.” (R1)*. Followed by discussing the issue with their upline, and as a last resort, contacting Amway. However, respondents were skeptical about reporting the issue to Amway.

Notably, a high-level distributor described a different approach, involving contacting Amway to report the misleading claim. As a result, the person in question would receive an official warning from Amway Legal. It is worth noting that this high-level distributor has good relations with Amway, as he explained: *“Look, I have an excellent relationship with Amway, (...). So the moment I just have questions or comments in that area, I can reach out to these people at all times, set things in motion if necessary to correct people, should it be necessary.” (R3)*. A former distributor mentioned that when you get in contact with Amway employees, they help you continue to build a business. This comment is in line with how good behaviour is rewarded at Amway.

#### 4.3.2 Mechanism 2: Behaviour monitoring and evaluation

To hold SMT members accountable for inappropriate behaviour, their behaviour is monitored and evaluated (De Leon, 2001). This mechanism appeared to be present in some teams, however, it is used for increasing sales and recruitment rather than addressing accountability.

Several respondents claimed that they are familiar with behaviour being monitored by an upline, although it varied between teams. The upline would be the person who monitors and evaluates a distributor's behaviour, not other downline members. One respondent reported that desired behaviour was shaped through meetings: *"And because every time at every meeting you're just told what is desirable, and how you should actually do it, and where you should pay attention to. And then what you get is that your behavior actually, you're actually kind of molded."* (R6). A former distributor and social media activist provided another illustration of behaviour observation. She said that she had been requested to investigate claims made by other distributors. The next quotation exemplifies this discovery: *"My job was simply to find them, read them, and to discern whether or not I believed them to be true. And if I believed them to be true, then to bring them back to my upline (R4).*

Even though there are a few instances of monitoring and evaluation, it was not applied to hold team members accountable for their behaviour, as the SMT literature requires. Respondents expressed concerns about behaviour monitoring, that it resembles a traditional job with a supervisor, and that it limits the feeling of freedom distributors have. This view was echoed by another respondent who said: *"Yes, I would consider it a waste of energy and the idea of being independent to put all kinds of you know, all kinds of mechanisms in place that are to supposedly control."* (R6). This result is somewhat counterintuitive to what a different respondent stated. Since multiple respondents stated that it is difficult to hold people accountable since unethical behaviour frequently goes unproven. A former distributor suggested that monitoring and evaluation could be used as evidence to show that someone made a misleading claim.

#### 4.3.3 Mechanism 5: Formal team meetings

Formal team meetings can be utilized to address matters of misleading claims and hold team members accountable (De Leon, 2001). This mechanism appeared to be essential in Amway. However, as with the other mechanisms, it is exploited to grow the downline rather than addressing accountability.

Respondents stated that informal communication was mainly 1 on 1. Communication with the whole team has a more formal setting. Accordingly, there were monthly team meetings which had a more official character. Other responses to these formal meetings included: *"At formal team meetings it was everybody who was there at the team meetings and most of what was talked about at team meetings was how to recruit. You would hear from upline Platinum. It would be some kind of product demonstration."* (R5). In addition to monthly team meetings, product demonstrations are also an

example of a formal team meeting. However, as described in 4.2.1., these demonstrations were not used to hold people accountable. Along similar lines, another respondent stated: *“Yes, formal team meetings do occur from time to time. Not necessarily to discuss accountability but this could also be an option.”* (R1). Furthermore, a respondent stated that her upline and the upline of that person occasionally had a formal meeting to determine the team’s strategy. In this example, she specified that only high-level distributors with large teams were present at these meetings. The subsequent quotation reflects this finding: *“Actually, those people did sometimes have meetings together. (...) But that was also often about how are we going to train and guide people and whether there were things discussed there like accountability, I never know if it was ever an issue either, you know.”* (R6).

#### 4.3.4 Skills and Competencies

In order to handle accountability, the literature on SMT states that team members need to train and develop skills and competencies (De Leon, 2001; Merchant & Otley, 2007; Yeatts and Hyten, 1998). Amway does train their distributors in communication, team building and product demonstration for knowledge about new products. However, these trainings are aimed at what to say to generate sales and recruit new people, rather than what to say when someone makes misleading claims.

In line with the SMT literature, most respondents acknowledged that handling accountability requires certain skills. As one respondent stated: *“Yeah, like managerial, mostly. Like these kind of, like, communication skills.”* (R2). Besides communicative skills to address a distributor who makes misleading claims, an active distributor noted because he has proper people skills and knowledge, he has built a team in which distributors do not make misleading claims. According to this respondent, he accomplishes this by filtering the people he allows in his team, which requires people skills: *“And especially if you've developed a little bit of people skills, like does that person fit into one of my teams, yes or no. And that's also true in terms of making misleading statements and taking accountability.”* (R3). In a similar vein, this view was echoed by a former distributor: *“People management was being taught, how you make friends and good relations.”* (R8). As an upline of a team, handling accountability also demands a particular level of leadership, said one respondent.

Even though respondents asserted that communicative skills were being taught by Amway through trainings, they admitted that these trainings were geared toward sales and recruitment rather than how to handle accountability: *“All trainings I attended were only about becoming bigger, better and growing your downline faster. If your business isn't growing, it is your fault”* (R8). People are taught how to address potential distributors and tell them about the system. These statements were also conveyed during the observation of a team meeting. Multiple distributors in this meeting mentioned that uplines provide trainings focused on developing communicative skills for building an Amway business.

## Chapter 5. Conclusion and Discussion

This chapter provides a conclusion and discussion of the research. The conclusion of this master thesis brings together the findings and answers the research question. The discussion provides a deeper analysis of the interpretation of the findings, by reflecting upon the implications and drawing connections to the existing literature.

### 5.1 Conclusion

This research sought to answer the question, "*How can the guidelines and mechanisms of the concept of self-managing teams help to understand accountability problems in MLM?*". To this end, a qualitative study on accountability in Amway was conducted. This study set out to comprehend the lack of accountability and explore if and how guidelines and mechanisms of SMT can be applied within the MLM industry, to understand the lack of accountability.

The results of this study identified that accountability in Amway is not handled proportionately on the three levels. On the *individual level*, it was discovered that while distributors feel responsible for their tasks, they do not perceive themselves as accountable for the consequences of these tasks. Amway fosters an environment where distributors can easily avoid their individual accountability through return policies, loose monitoring and absence of consequences, resulting in a diminished sense of personal accountability. At the same time, accountability in Amway ultimately depends on the choices and values of the individual. Accordingly, accountability is obscured under the guise that it is your own responsibility, resulting in a lack of individual accountability. This is also present at the team level; *mutual accountability* is absent at Amway since team members are not accountable for each other's tasks. Because each distributor is independent, the feeling of mutual accountability is limited, and distributors have limited control over the actions of their team members. This hinders the ability to hold each other accountable. Therefore, the concept of mutual accountability is difficult to be applied within Amway. Conversely, mutual accountability in Amway appeared to be present when criticizing Amway. In this sense, the context of the concept changes compared to the SMT literature. On the *organizational level*, Amway avoids accountability by hiding behind its documents and contracts. These documents declare that each distributor is accountable for their own actions, and Amway cannot be held accountable for distributors exceeding the terms of the contract. The only instance where Amway took accountability was by holding low-level distributors accountable and setting them as an example. Holding high-level distributors accountable would be difficult since these people are making a lot of money for Amway.

Establishing accountability among team members requires a *collective understanding and a clear set of expectations*. While expectations on sales and recruitment were primarily clear, expectations regarding ethical behaviour were less clear. Respondents highlighted an absence of attention to issues



regarding handling accountability and making claims, resulting in a limited understanding of accountability. There is an extensive focus on sales and recruitment, causing issues of accountability and misleading claims to fade into the background. The upline of a team is responsible for outlining these expectations and documents in order to create a collective understanding. As a result, there are discrepancies in understanding and inconsistent accountability practices. *Controllability* surfaced as another essential factor for accountability in teams. Working in a SMT, team members can only be held accountable for the tasks they can control. At first glance, this concept appears to be present in Amway since distributors acknowledged having full control over their tasks and the claims they can make. This control, however, is restricted to a specific program that distributors must follow to make sales and grow their downline, which reduces the controllability of distributors. Furthermore, this study revealed that there were no significant *consequences* for failing to handle accountability. Due to this absence, misleading claims are being made and the seriousness of accountability is undermined. Despite some low-level distributors being held accountable for their actions, the general lack of consequences diminishes the effectiveness of accountability practices in Amway. Conversely, consequences for good behaviour are present at Amway. High-level distributors are treated differently and stimulated to expand their downlines even more.

Additionally, this study explored how several mechanisms can play a role in holding team members accountable. *Communication and interaction* between team members and *formal team meetings* are substantially used in Amway. This is translated into huddles, phone conversations and weekly and monthly team meetings. However, this focuses primarily on sales growth and recruitment rather than addressing accountability for misleading claims. While *behaviour monitoring and evaluation* can be present in some teams, it is not to enhance ethical behaviour. The findings indicate that these mechanisms are present at Amway, but not utilized to address accountability. Furthermore, effectively holding team members accountable requires *communicative skills and leadership competencies*. Amway training programs mainly focus on sales and recruitment rather than dealing with accountability and misleading claims.

In conclusion, the mechanisms and guidelines of SMT provide a comprehensive understanding of accountability problems in Amway. Accountability is lacking at various levels in Amway. The guidelines that SMT use to handle accountability are preconditions for the accountability mechanisms. To be more concrete, because there is a lack of a collective understanding, controllability and proper consequences, it is difficult for distributors to take accountability for their own tasks and behaviour and to hold team members accountable for misleading claims. Therefore, the mechanisms of the concept of SMT cannot be applied in the MLM industry without these guidelines being implemented for the right ethical activities. While some concepts of the SMT literature are similar to Amway, the guidelines and mechanisms are not applicable within the MLM industry due to the many differences

between how a SMT handles accountability and how this is being handled in Amway. The focus on sales and recruitment hinders the topic of accountability to be handled in team meetings and conversations with the upline. The elements from the literature on SMT can only be applied when the monetary focus shifts towards a more ethical focus where misleading claims are refused, and distributors take accountability for their own actions and those of team members. Nonetheless, seeing the structure of the MLM industry it is doubtful if this will be implemented.

## 5.2 Discussion

Using the levels of accountability, the mechanisms and the guidelines of SMT, it was possible to analyze (the lack of) accountability at Amway. In this section, the research is discussed in terms of theoretical and practical implications. This is followed by limitations and suggestions for future research. Finally, a reflection of the research will be discussed.

### 5.2.1 Theoretical and practical implications

#### **Theoretical implications**

The literature on the MLM industry argues that there is a lack of accountability, in which headquarters is dodging their accountability (Groß & Vriens, 2017; Juth-Gavasso, 1985). Through a study on Amway, this research supports the existing literature, acknowledging that accountability is lacking in the MLM industry. The results are consistent with previous studies which found that accountability is being avoided. However, previous studies concluded that the lack of accountability is primarily present at the organization level. While the currently obtained data in Amway is mainly consistent with this previous conclusion, it was found that distributors also avoid their individual accountability. The results of previous studies and the current study differ on the level at which accountability is being avoided, but they are broadly consistent in the agreement that the MLM industry lacks accountability. This discrepancy could be attributed to the use of the literature on SMT as a conceptual lens to investigate this problem. Additionally, the current literature states that headquarters are avoiding their accountability by hiding behind the independence of distributors (Groß & Vriens, 2017; Juth-Gavasso, 1985), this research adds that a mechanism for headquarters to avoid their accountability is their documents and contracts.

In addition, the concept of mutual accountability in MLM gets a new meaning that differs from the interpretation of the SMT literature. This distinction in meaning might be explained by the cult-like organizational culture of MLM companies (Groß & Vriens, 2017). For the literature, this implies that the concept of mutual accountability is more multifaceted than previously thought. This finding adds to the existing literature by broadening the understanding of accountability practices in the MLM industry. Additionally, while the overall lack of consequences does not align with the SMT literature, the finding that good behaviour is rewarded does fit with the literature. The differences in which distributors get consequences imposed, i.e. high- or low-level, indicate a strong hierarchy and unequal

treatment within a team of distributors. This contradicts the SMT literature, which states that team members need to be treated equally and share accountability at the same level (De Sitter, 1997; Kuipers et al, 2018). Accountability consequences and practices are not enforced uniformly across all levels of distributors.

Furthermore, even though the SMT guidelines and mechanisms provide an understanding of the lack of accountability in Amway, the mechanisms cannot be applied in the MLM industry without the guidelines being implemented for the right ethical activities. This outcome is in line with the expectation that the SMT concepts are difficult to apply in the MLM industry. This conclusion may be explained by the fact that the structure of an MLM company is not designed according to the design characteristics of a SMT. The guidelines and mechanisms a SMT employ to enforce and enhance accountability are compatible with these design characteristics, but not with a hierarchy of distributors. Another possible explanation would be that distributors give a different meaning to the guidelines and mechanisms from the SMT literature. Whereas a SMT uses these concepts to handle accountability, distributors utilize the concepts to increase sales and expand their downline.

Overall, the MLM industry has no SMT that operates in the sense of the literature used in this study. How a group of distributors manage accountability diverge from the SMT literature in too many ways. On the one hand, distributors work as a team to make sales, learn and expand. On the other hand, all distributors perceive themselves as independent. Additionally, the teams in a MLM company are tightly managed on some aspects, such as not criticizing the business, and loosely managed on aspects regarding taking accountability and ethical behaviour. This study highlights the alternative team structure in MLM and emphasizes the need to adapt the existing theoretical framework of SMT to account for MLM's unique business model and accountability challenges.

### **Practical implications for Amway**

This research also entails a practical contribution. The research contributed to a better understanding of how distributors currently manage accountability for misleading claims, which made most of the (former) distributors interviewed become more aware of Amway's lack of accountability.

Additionally, the practical contribution lies in calling attention to the need for a shift towards an ethical focus within the MLM industry, where accountability is prioritized, and misleading claims are refused. The research provides guidance on how distributors can better handle accountability in their team and what needs to be done to implement certain mechanisms. A specific recommendation for Amway is to first implement the guidelines of a SMT before implementing mechanisms to manage accountability. This may be achieved through enhancing training programs and monitoring distributors' practices. As a result, a culture of accountability can emerge, that supports truthful claims.

### **Practical implications beyond Amway**

While this research focused on accountability in Amway, the findings can be generalized towards the MLM industry. The lack of accountability is noticeable for the whole industry in which Amway functions. MLM companies are recognized for their hierarchical structure of distributors (Groß & Vriens, 2017), hence the implications and recommendations of this research apply to other MLM companies as well. The interpretation of the concepts of a SMT is a common organizational structure in the MLM industry. Therefore, the findings and implications identified in the research are likely to resonate with other MLM companies facing similar accountability problems and misleading claims.

If not addressed, the lack of accountability will include a negative impact on the company's reputation, since the focus remains on making money; causing distributors to continue making misleading claims. Additionally, these misleading claims will undermine consumer trust which is essential in fostering long-term relations and making sales for distributors. Lastly, the persistence of the lack of accountability will have an impact on the distributor's well-being. On the one hand, distributors may experience feelings of stress and guilt knowing that they are engaging in non-ethical practices and not held accountable for it. On the other hand, distributors may have internal conflicts in a team due to differences in personal values and ethical dilemmas on the pressure to make sales and grow their downline by making misleading claims. This aligns with the broader discourse on MLM, including the anti-MLM movement on social media which highlights the cult-like aspects of MLM structures.

#### **5.2.2 Limitations and future research**

Even though all MLM companies have a direct-selling structure with distributors (Albaum & Peterson, 2011), companies can vary in their compensation plans, product offerings and team communication. These distinctions may influence the dynamics of accountability. Therefore, a limitation of this study is that the results may not fully capture the concept of accountability in the MLM industry. Each MLM company may have its own set of contracts and procedures that govern how accountability is handled. Since this research only focused on one company, it is conceivable that some aspects of accountability are unique to Amway and not to other MLM companies. This may have an impact on the transferability of the research. Future research on how accountability is dealt with in other MLM companies would aid in establishing a greater degree of accuracy on this matter. The research should be repeated using a different scope, such as a comparative case study of two additional MLM companies. This might explore if and how the concept of SMT can be utilized within an MLM company with a different product offering.

Another source of weakness in this study which could have influenced the findings is subjectivity and bias. Seeing the sensitive nature of the research subject, several respondents were reluctant in sharing information. This bias might have affected the responses in terms of information and experiences

participants disclosed. Even though respondents were approached carefully and critical statements were made cautiously, this limitation could have affected the dependability of the study.

Lastly, the research would have been more far-reaching if more (former) high-level distributors had participated as respondents. Due to the level of exclusivity with which these distributors operate, gaining entry to this specific group proved challenging. This represents a limitation in capturing the experiences of persons who hold prominent positions inside Amway. Their expertise might have provided insights into decision-making processes for accountability on misleading claims. This limitation may have impacted the credibility of the research. Addressing this limitation would require future research to overcome this challenge. Building trust relations with high-level distributors or utilizing alternative strategies, could enhance the engagement of high-level distributors.

Aside from limitations, this research has raised questions in need of further investigation.

First of all, future research needs to be conducted on how to shift the monetary focus in MLM companies towards a more ethical orientation. The current emphasis on sales and recruitment hinders the topic of accountability to be addressed in a team. A shift in this focus could enhance the guidelines of SMT to be implemented in a team of distributors. This can help distributors to effectively handle misleading claims and bear accountability on different levels.

Secondly, it might be interesting to conduct this research in the franchise industry. A MLM company and a franchise company are similar in that both sets of people are independent business owners who are not employed by the head office. However, in both industries, the head office remains the owner of the business concept. Examining how accountability is handled in a franchise company can expand our knowledge and understanding of accountability in a different business context. It might offer new insights into guidelines and mechanisms that a franchise company uses to handle accountability. These findings may provide relevant insights for the MLM industry.

Thirdly, future research is needed to better understand the meaning and dimensions of the concept of mutual accountability in MLM. This research might provide insights into the socialization process of new distributors. Moreover, an understanding of how and why distributors hold each other accountable for criticizing the company can shed light on the strong organizational culture and how this influences distributors' success and motivation.

Finally, since this study concluded that the role of the upline is critical for establishing a sense of accountability in a team, future research should be carried out to define the responsibilities of an upline and investigate differences between upline distributors. Ethnographic research on the role of the upline can explore communication strategies employed by the upline to foster accountability among

their downline distributors. By examining the upline's involvement in trainings, meetings and performance evaluation, future research can explore how a proactive and supportive upline enhances ethical behaviour and higher levels of accountability in their team.

### 5.2.3 Reflection and reflexivity

The perception of the researcher played an important role in this research. The researchers' self-awareness and continual reflection on their own biases and preconceptions contributed to ensuring that these variables did not excessively impact the interpretation of the data. It was expected that due to the researchers' relationship with the gatekeepers, it would be challenging to have an objective view of the distributors' role. However, because of the clear expectations shared beforehand and by realizing the potential impact of the role as a researcher, it was feasible to approach the research process with a balanced and objective viewpoint.

Since qualitative research is an iterative process, several methodological choices have been adjusted. During the first two interviews, the researcher discovered that respondents found it difficult to recognize misleading claims. Fortunately, the researcher was able to manage this tension by presenting different examples of misleading claims. These examples proved to be more identifiable for the respondents, making it easier for them to share their experiences. Furthermore, the researcher intended to explore videos and social media posts as a source of secondary data. After gaining access to a personal Amway account, exploring other secondary data proved to be not feasible within the given timeframe.

The design choices of a case study with triangulation did allow the researcher to gain a comprehensive and in-depth understanding of the lack of accountability in Amway. However, the time-intensity that triangulation demanded could only be managed with proper planning. Finally, peer debriefing indicated that the conceptual model needed to be refined to a conceptual illustration. This revised concept included fewer SMT mechanisms as sensitizing concepts and more SMT guidelines. As a result, the illustration provided better guidance throughout the research. During the research journey, the researcher personally and methodologically encountered various challenges and implemented the essential adjustments as stated above to improve the understanding of the lack of accountability in the MLM industry and contribute to the larger discourse on MLM practices.

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# Appendices

## Appendix 1. Interview guide

To show the progress and iterative process of the interview guide, section 1.1 provides the topic list of the first interview and section 1.2 the list used for the last interview.

### 1.1 Topic list first interview

*This topic list is based on a participant who is currently an Amway Business Owner*

#### **Introduction**

- *Explain research goal*
- *Explain concept of accountability (SMT literature), and the lack of accountability in MLM regarding health/income claims (ask participant about conceptions of accountability in Amway)*
- *Inform participant about expected contribution (honest answers and critical thinking)*
- *Inform participant about how the results will be shared and how the data will be handled in terms of confidentiality and anonymity.*
- *Could you describe your tasks as an Amway Business Owner?*
- *How does your downline and upline look like?*

#### **Explore accountability problem (what does the problem look like?)**

- *What are your responsibilities at Amway?*
  - o *Does this include making product claims about health benefits or income claims?*
  - o *What do these claims look like? Do you have an example?*
  - o *Give example deceptive health/income claims and let participant reflect on this. Ask for recognition.*
- *Who monitors these responsibilities?*
- *Are you aware of what is expected from you as a distributor in terms of tasks, behaviour and goals?*
  - o *How do you feel about this?*
  - o *How does your team respond to these expectations?*
- *Can you be held accountable/answerable for making such income/health claims?*
  - o *Who holds you accountable?*
  - o *Do you have an example?*
- *Are you (also) accountable for the claims being made by your downline distributors? (mutual/shared accountability)*
- *What happens when you are being held accountable for misbehaviour and non-compliance?*
- *What do you think are the disadvantages of not holding your team members accountable for these claims?*

#### **Explain the lack of accountability (underlying causes: where does it originate and why does it persist?)**

- *Is there a collective understanding of what accountability implies for you and your team?*
- *To what extent do you have control over your tasks as a distributor? (regulatory potential)*
  - o *How is this established/enhanced?*

- With this control, are you able to hold team members accountable for (false) health/income claims?
  - o What are the effects of the control you have as a distributor?
- What is according to you, the reason distributors make (false) health/income claims?
- What role does Amway headquarters play in handling accountability for these claims?
- How and who monitors (false) health/income claims being made by distributors?

**Address accountability (how do distributors handle/deal with accountability and how can the problem be addressed?)**

- How do you and your team members hold each other accountable for making (false) health/income claims?
  - o Do you have any mechanisms or rules to do this?
  - o *Look for recognition with accountability mechanisms literature SMT*
  - o *Look for indications were (lack of) accountability origins*
- *Ask participant if any of the 5 accountability mechanisms are present in Amway + what could it contribute/reflection*
- How are you able to address problematic concerns about (false) health/income claims in your team?
- What are the consequences of failing to maintain accountability?
- Does handling accountability in a team require skills or competencies?
  - o When yes: Are these skills taught by Amway?
- How do you avoid distributors in your team making false health/income claims?
- How could you and your team be better able to handle and address accountability? How can Amway assist in this?

**Closing interview**

- Is there anything you would like to add to the interview?
- Do you feel that you are more informed about accountability in Amway? Can you now see the importance of accountability, and the lack of it in Amway?
  - o How could the interview be improved?
- *Repeat confidentially and anonymity*
- *Explain member-check + sharing final results + thank-you note*

**1.2 Topic list last interview**

**Introduction:**

- Explain the concept of accountability =
  - Accountability in SMT can be defined as the ability to hold the team and its team members mutually accountable/answerable for their performance, decisions and behavior. *(responsibility and liability)*
- Explain lack of accountability MLM =
  - The autonomy, flexibility and independence of distributors leads to a lack of accountability. Distributors are held accountable for all aspects of sales, recruiting and training. MLM headquarters avoid accountability by hiding behind distributors' independence and autonomy. (VB product/income claims)
  - There is no monitoring of distributors' behavior and tasks. It is unclear how distributors handle accountability/responsibility. This is problematic since headquarters hold distributors accountable for misbehavior and non-compliance. But

at the same time, they encourage distributors to continue selling products and recruiting new people.

- Explain research purpose =
  - The purpose of this research is to explore accountability problems in MLM using the concept of SMT, as well as to explain and address the lack of accountability. It is intended to lead to better insights and better practices. This research focuses on Amway.
- *Inform participant about expected contribution (honest answers and critical thinking)*
- *Inform participant about how results will be shared and how data will be handled in terms of confidentiality and anonymity.*

**Explore the accountability problem (what does the problem look like?)**

- 1) How long have you worked at Amway?
- 2) What did your downline and upline look like (team)?
  - a. Did you have a lot of contact with the downline?
- 3) Were you aware of what is expected of you as a distributor in terms of tasks, behavior and goals? Is there a clear set of expectations?
  - a. How did these expectations look like?
  - b. By whom is this outlined? (*Role upline/Amway?*)
- 4) What did you tell others about income opportunities and Amway's products?
- 5) *Give example of misleading health/income claims → zoom in further on these examples for accountability/liability*
  - a. Are you familiar with these types of misleading claims? Have you ever experienced this?
  - b. How do you feel about this?
- 6) When something like this happens, who responds? Should someone intervene? (*monitoring claims*)
  - a. How would you act on this?
  - b. Why is this not being monitored?
- 7) Were you held answerable/accountable for making such misleading income/health claims?
  - a. Who holds you responsible/accountable for this (*Role upline/Amway?*)?
  - b. *If NO → Why not?* Are there no consequences for making misleading claims?
  - c. When could you be held accountable? (*negative claims?*)
- 8) To what extent are you (also) responsible/accountable for the statements/claims made by your downline distributors? (*mutual accountability*)
  - a. Suppose your downline makes misleading claims, do you hold them accountable? Why yes/no?
  - b. Can this principle of mutual accountability be applied within Amway?

**Explain the lack of accountability (causes: where does the problem origin and why does it persist?)**

- 1) Is there a collective understanding of what accountability means for you and your team? Do people understand this accountability and what it means?
  - a. Has this ever come to your knowledge? How?
  - b. Can documents/contracts help with this? Have you been made aware of these?
  - c. What was told to you on product demonstrations + who had access to these meetings?
- 2) To what extent is there a sense of accountability within the team?
  - a. How can this be created? Why?



- 3) To what extent do you have control over your tasks as a distributor? (*regulatory potential, ability to regulate*)
  - a. What does this control look like?
  - b. How is this established/enforced?
- 4) With this control, were you able to hold team members responsible/accountable for (misleading) health/income claims?
  - a. Does this happen? If so, when did you do this?
  - b. With this control, did you mind being held accountable?
  - c. What are the consequences of your control as a distributor?
- 5) In your opinion, what is the reason that distributors make (misleading) health/income claims?
- 6) What role does Amway play in handling the justification of these claims?
  - a. Can they be held answerable?

**Addressing accountability (how do distributors handle accountability and how can the problem be addressed?)**

- 1) In what ways do you and your team members hold each other accountable/responsible for making (misleading) health/income claims?
  - a. Did you have mechanisms or rules to do this?
  - b. What steps did/should you take in this regard?
  - c. *Look for recognition with accountability mechanisms literature SMT*
  - d. *If NOT → Suppose your downline makes misleading claims, how do you hold them accountable?*
- 2) Are any of the 5 accountability mechanisms present at Amway? How does this look like?
  - a. Which mechanisms can be applied within Amway? Why and how? (*Stap voor stap afgaan*)
- 3) What is Amway's role in addressing accountability?
  - a. What needs to be done to address this accountability issue internally?
- 4) How do you avoid misleading claims about earning opportunities and products?
- 5) What are the consequences of not maintaining accountability/liability within a team?
- 6) Does handling accountability/liability within a team require skills or competencies?
  - a. If yes: Are these skills taught by Amway?
- 7) How can you and your team better manage accountability? How can Amway help with this?
- 8) What could be the effects of better handling accountability? (better performance, more stress/work pressure, employee satisfaction?)

**Appendix 2. Codebook**

Table 4. contains a codebook derived from the analysis of the data collected through interviews, observations and secondary data. The axial codes are a higher conceptual level than the open codes and include overarching themes in the data.

Axial code:	Open code:	Illustrative quotation:
	<b>Addressing accountability</b>	<i>"If they kept doing it, so if they kept doing it. I would have to go to probe my Upline diamond and I'd have to speak to them and say, hey, this person is doing this. It depends on what they say, because I guess I could call Amway and talk to them. But the first thing would be to talk to whoever your upline is." (R5)</i>
	○ Addressing negative claims	
	○ Different levels of accountability	
	○ Don't make misleading claims	
	○ External parties to monitor misleading claims	

	○ More attention to misleading claims	
	○ Network at Amway helps in addressing accountability	
	○ Report to Amway	
	○ Reward for accountability	
	○ Steps to handle accountability	
	○ Suggestions to tackle problem	
<b>Amway</b>		<i>"They sell you a dream because you're led to believe that it's going to take you a few years to go diamond and you're going to have the rest of your life to live off this money you're making. But it's just not true." (R4)</i>
	○ Amway is hiding itself	
	○ Benefits of MLM	
	○ Contact with Amway	
	○ Hierarchy	
	○ MLM deception	
	○ MLM encourages bad behaviour	
	○ People don't understand Amway	
	○ Reason to join Amway	
	○ Return policy	
	○ Role of Amway	
	○ Selling point Amway	
	○ Time at Amway	
	○ Types of customers	
<b>Collective understanding</b>		<i>"There was times where we had a team meeting, but those things weren't addressed. All of our meetings were about sponsoring people and getting sales, things like accountability, things like don't say this, that weren't really addressed, and if it was, I didn't experience there didn't happen on my team." (R5)</i>
	○ No attention to understanding of accountability	
	○ Sense of accountability	
	○ understanding about accountability	
<b>Consequences</b>		<i>"They just allow it because there's no repercussions really, because there's so many people making so many claims that it's so hard to be able to actually regulate." (R2)</i>
	○ Consequences for making misleading claims	
	○ Consequences for not handling accountability	
	○ Disadvantages of not holding other accountable	
	○ No consequences for misleading claims	
	○ No consequences for not handling accountability	
	○ With consequences better handle accountability	
<b>Individual accountability (level)</b>		<i>"Yes. I think kind of the same as just now that it really depends a lot on the value of a person in how that person is put together. Then I still think about that seesaw of making money or upholding my values." (R1)</i>
	○ ABO avoids accountability	
	○ Accountability depends on individual person	
	○ Accountability depends on social status/position	
	○ Lack of accountability	
	○ Only low levels are accountable	
	○ Own responsibility to address accountability	
	○ Person who makes claims is accountable	
	○ Independence as disadvantage	
	○ Responsible for your own actions	
<b>Information</b>		<i>"I'm sure it's in the fine print. I'm sure it's in there, but nobody reads that stuff and they're not going to enforce it. Do you</i>
	○ Amway documents	
	○ Amway provides information	

	○ Claims from Amway	<i>know I mean cause when, when you, when you do agree to be an IBO , you sign up and terms and conditions." (R5)</i>
	○ Promotion with intern presentation	
	○ Upline provides information	
<b>Lack of oversight</b>		<i>"Yeah, definitely. I mean, if no one oversees you and you do at a certain point, it depends a lot on the individual and there's no consequences. So you can imagine it's a, it's a good recipe for, for this kind of behavior. I think in many ways, yeah." (R2)</i>
	○ No monitoring on behaviour and tasks	
	○ No oversight on distributors	
<b>Mechanism 1: Communication and interaction</b>		<i>"Everyone was always willing to help and easy to contact" (R8).</i>
	○ Communication through phone	
	○ Communication with team to handle accountability	
	○ informal communication	
	○ No communication and interaction	
	○ Open communication	
<b>Mechanism 2: Behaviour monitoring and evaluation</b>		<i>"These evaluations could be like evidence, as we talked earlier, that something is not going on, so they could have evidence to point you like, Hey, NAME ANONYMIZED, you're saying this and this. Your behaviour is not really how it should be." (R2)</i>
	○ Behaviour is important part of accountability	
	○ Behaviour monitoring & evaluation	
<b>Mechanism 3: Performance appraisal system</b>		<i>"Well, I know that people who were performing well got treated a certain way, so they were always recognized, they were always praised, they were always called upon (...)" (R5)</i>
<b>Mechanism 4: Group norms and targets</b>		<i>"Oh yeah, yeah, they wanted you to be what they call a 300, which was 300 PV in customer volume and personal sales. So those were things that they wanted you to strive to meet." (R5)</i>
<b>Mechanism 5: Formal team meetings</b>		<i>"And I think there was also like a monthly team meeting when there was like these kind of retrospective sessions and stuff like that kind of to sit down and fine tune some of these because yeah, people get excited about the opportunity about like they also don't understand the business." (R2)</i>
	○ Amway congress	
	○ Formal team meetings	
	○ Product demo	
	○ Reason product demonstration	
	○ Who is present at product demo	
<b>Misleading claims</b>		<i>" People are just susceptible to beautiful stories, anything that seems to be beautifully true. That that's what everybody loves, as long as it's easier faster and direct satisfying." (R1)</i>
	○ Becoming aware of misleading claims	
	○ Claims about income opportunities	
	○ Claims are exaggerated	
	○ Claims play into feelings	
	○ Disclaimer on income opportunities	
	○ Experience misleading claims	
	○ Framing	
	○ Making claims depend on individual norms/values	
	○ Making misleading claims depends on status/position	
	○ Misleading claims on internet	
	○ No accountability on misleading claims	
	○ Online vs offline misleading claims	
	○ Product claims had no sources	
	○ Reason for misleading claims	
	○ Recruitment conversation resembles lying	
<b>Organization accountability (level)</b>		<i>"First they try to discredit the news source or the person they're speaking about or to discredit that person within the MLM." (R4)</i>
	○ Accountability by organization not only individual	
	○ Amway avoids accountability	

	○ How Amway deals with accountability	
	○ More focus on high team levels than low levels	
	○ How Amway should handle accountability	
<b>Reasons why accountability is not handled</b>		<i>"Very little attention is paid to that. You actually go right from the point: hey Amway seems interesting, you go right into distribution, promotion and building your customer base. There's actually not being said, the fine print is not discussed with you at length once." (R1).</i>
	○ Accountability does not pay off	
	○ Claims are not monitored	
	○ Focus is on sales and recruitment	
	○ Lack of evidence for claims	
	○ No accountability because CULT	
	○ Not comfortable to address accountability	
	○ Not feel called to accountability when out of lane	
	○ Not relevant to learn about accountability	
	○ People blame Amway not ABO	
	○ Reason to not handle accountability	
	○ Reasons to handle accountability	
	○ Restrictions as accountability hindrance motivation	
	○ Upline only interested in sales and recruitment	
<b>Regulatory potential</b>		<i>"I decide how much time and when I put that time in there. There is no one telling me: you have to do this or you have to do that, you don't have to do anything at all." (R3)</i>
	○ Amway uses control	
	○ Control to build team	
	○ Every ABO can make claims/promotion	
	○ Full control over tasks	
	○ No authority to check control	
	○ No control because you need to follow the program	
	○ No control over team	
	○ With control able to hold people accountable	
<b>Relation upline/downline</b>		<i>"She was my coach, so I spoke to her regularly. She coached me on what to say. She coached me on how to contact people. She coached me when I did respond to somebody. She coached me on you know what to do. So I was in heavy contact and we had team meetings every week." (R5)</i>
	○ Abuse of power	
	○ Contact depends on/with upline	
	○ Contact with other downline members	
	○ Difference direct/indirect downline	
	○ Power imbalance upline/downline	
	○ Pressure from upline	
	○ Upline can hold you individual accountable	
<b>Set of expectations</b>		<i>"I also think the expectations are not realistic, that the amount of work is downplayed compared to the income that is possible." (R8)</i>
	○ Awareness expectations	
	○ Expectations are important to get started	
	○ Expectations are not clear	
	○ Expectations are passed along	
	○ Expectations depend on ambitions	
	○ Expectations depend on upline	
	○ General expectations	
<b>Skills and competencies to address accountability</b>		<i>"I do think you need a communicative competence to just deal with that. I think it's all communication when we're talking about conveying information." (R1)</i>
	○ Building team requires skills	
	○ communicative abilities to handle accountability	

	○ Knowledge on accountability	
	○ Legal knowledge skills	
	○ Managerial skills	
	○ N21 trainings	
	○ People skills	
	○ Skills taught by Amway	
	○ Training skills	
<b>Taking accountability limits MLM concepts</b>		<i>"Yes. Autonomy, Independence. I think it would just remind it. It would if I was doing it now, yeah, it would just remind me too much of what I do on daily job. Kind of like that. I have my manager who sits down with me every thought." (R2)</i>
	○ Accountability hindrance autonomy/independence	
	○ Grey area in making money and taking accountability	
	○ Losing feeling of freedom	
	○ Success depends on type of person	
	○ Sales vs recruitment	
	○ Rewards for good behaviour/performance	
	○ Money is motivation	
<b>Team accountability (level)</b>		<i>" (...) the point is that everyone is responsible for his or her own actions. I can hardly hold others accountable; I can call them out. I cannot hold them accountable for my or for their own tasks." (R1)</i>
	○ accountability and claims depend on team members	
	○ Focus depends on team	
	○ How team looks like	
	○ Mutual accountability	
	○ No mutual accountability	
	○ Only mutual accountability if negative claims	
	○ Reasons why no mutual accountability	
	○ Upline can facilitate accountability	
<b>Unawareness</b>		<i>"My upline did not refer me to these kinds of documents. And that's why I also indicate, with that fast start, there are actually a lot of steps being rushed through. But it's never just said or emphasized pay attention to statements you make or the accountability you carry." (R1)</i>
	○ Reason why unawareness documents/contracts Amway	
	○ unawareness of documents/contracts Amway	
	○ Unawareness on accountability	
	○ Unawareness on mechanisms accountability	
	○ Unawareness on product info	
	○ Unawareness on what happens when being held accountable	
	○ Unawareness on what you can/cannot say of products	

Table 4. Codebook

### Appendix 3. Overview secondary data

Table 5. provides an overview of Amway documents and contracts which included topics or information about accountability, responsibility, and misleading claims. The documents are utilized as secondary data for the research. Most of these documents are confidential and therefore cannot be retrieved by non-distributors of Amway. However, they can be consulted by sending a request to the researcher.

<b>Document:</b>	<b>Page numbers:</b>	<b>From:</b>	<b>Publishing date:</b>	<b>Goal document:</b>
International Business Building Principles	1-19 and 23-31	Amway distributor account	2016-2017	Informing (potential) Amway Business Owners about the values and fundamentals/principles of Amway.
Code of Conduct and Ethics Amway Malaysia	3-14	Amway distributor account	Updated on August 2021	Maintaining the integrity and standard ethics for the board/holdings and subsidiaries of Amway.
Amway Corporate Citizenship Report	2-5	Amway distributor account	2009	Telling the Amway story
Rules of Conduct	1-20 and 23	Amway distributor account	Updated September 2022	Inform about policies and terms of Amway
Business Conditions <i>(NL: Zakelijke voorwaarden)</i>	1-29	Amway distributor account	Updated September 2022	Inform about the business conditions.
Norms for digital communication <i>(NL: Normen voor digitale communicatie )</i>	1-15	Amway distributor account	September 2022	Inform about how to communicate as a distributor
Ethical principles for ABO's <i>(NL: Ethische grondbeginselen voor Amway Business Owners)</i>	2	Amway distributor account	May 2011	7 ethical rules to which ABO's must agree
Social Media posts	Around 37 posts which contain misleading health claims, and 23 post on misleading income claims. Total amount of work: 5 hours.	Truth In Advertising, Facebook, YouTube, LinkedIn & Twitter.	2017-2018. Some additional claims from 2022.	Posts which contain misleading health and income claims. From conducted research of the Truth In Advertising on Amway distributors and social media accounts of Amway Business Owners.

Table 5. Overview secondary data