

LEADERSHIP IN MULTI-LEVEL MARKETING, A CASE STUDY OF MILLIONAIRE CLUB INDONESIA

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Abstract: This study explores leadership practices in Multi-Level Marketing (MLM) organizations with a focus on Millionaire Club Indonesia (MCI). Using a qualitative approach, data were collected through semi-structured in-depth interviews with 15 purposively selected respondents based on their experience, position, and achievements within the MCI network. Data collection was conducted over a three-month period in 2025 and analyzed using thematic analysis, complemented by secondary sources, including MCI's annual reports, APLI publications, and relevant articles and case studies. The findings reveal that transformational leadership is the dominant style, where leaders inspire members through a shared vision, serve as role models, and encourage personal growth. Additionally, transactional leadership, in the form of incentives and rewards, is also applied as a complementary motivational tool. Furthermore, strong interpersonal relationships, family-oriented values, and both social and technical support are crucial in building solidarity and enhancing team performance. These results highlight the importance of combining transformational and transactional leadership styles adapted to the socio-cultural context of the organization and provide practical implications for MLM companies to integrate an inspiring vision, clear incentive systems, and structured training and mentoring programs into their leadership strategies.

Keywords: *Transformational Leadership, Transactional Leadership, Multi-Level Marketing (MLM), Millionaire Club Indonesia (MCI), Thematic Analysis.*

1. Introduction

Multi-Level Marketing (MLM) is a business model that is gaining popularity in various parts of the world, including Indonesia. In this context, MLM is not just a sales method, but also an ecosystem involving an interconnected network of distributors who market products. In carrying out its operations, MLM in Indonesia is facilitated by AP2LI (the Association of Indonesian Direct Selling Companies) and APLI (the Indonesian Direct Selling Association), which ensure that the practices of MLM companies comply with applicable regulations and ethical standards. This is crucial for maintaining industry integrity and protecting consumers from unethical or even harmful practices.

One well-known MLM company in Indonesia is Millionaire Club Indonesia (MCI). MCI is a business club under the auspices of PT. Millionaire Group Indonesia (MGI) places a strong emphasis on health and beauty products. In an era of increasing awareness of health and appearance, the products offered by MCI are highly relevant. MCI not only offers quality products but has also received halal certification from the Indonesian Ulema Council (MUI), demonstrating the company's commitment to religious values and business ethics. The slogan "Better Life With MCI" reflects the company's aspiration to positively impact the lives of its members, both in terms of health and financial well-being.

The role of leadership in an MLM structure is crucial. Leaders, often referred to as uplines, have significant responsibility for fostering, directing, and supporting the distribution network below them (downlines). Effective leadership has a significant impact on the motivation and performance of team members. Robbins (2010) suggests that a transactional leadership style focuses on exchanging rewards to gain compliance from subordinates. In the MLM context, this might mean providing incentives to downlines to be more active in marketing the product. However, this leadership style may not be sufficient to motivate team members to reach their full potential.

In contrast, the transformational leadership style outlined by Robbins seeks to inspire and motivate followers to set aside personal interests for the sake of achieving a greater goal. In the context of MLM, this becomes particularly relevant, as leaders who can motivate and inspire their team members will create an environment conducive to collective growth and success. Cordell (2018) employed a transformational leadership theoretical framework to investigate the sustainability of MLM businesses, finding that factors such as self-efficacy and psychological perspectives in leadership have a significant impact on business success. This research suggests that leaders who can build trust and provide emotional support to their team members are more successful in creating a strong and productive team.

Furthermore, Techy (2022) found that the adoption of a transformational leadership style by sponsors in MLMs was positively correlated with increased distributor subjective performance. While this did not significantly impact objective performance, it suggests that feelings of satisfaction and motivation can contribute to individual success within MLM networks. Quantitative research conducted in Indonesia also confirmed the importance of leadership style for salesperson performance in the MLM sector, demonstrating that the right leadership approach can significantly impact bottom-line results.

Based on this background, this study aims to gain a deeper understanding of leadership practices within MCI. A qualitative approach was chosen to explore the experiences of MCI leaders and team members more holistically through in-depth interviews. This approach is expected to provide richer insights into how leadership functions within MCI, the challenges faced, and the strategies implemented to achieve success. The results of this study are expected to enrich the literature on leadership in the context of MLM and provide practical recommendations for management in similar organizations.

2. Literature Review

Leadership in organizations is a complex and multifaceted concept, involving the various ways leaders direct, motivate, and support their followers. In this context, leadership is not simply about giving orders or organizing tasks, but also encompasses the ability to inspire and build strong relationships with team members. Effective leaders can create an environment that encourages followers to reach their full potential. In transformational leadership theory, leaders are viewed as capable of lifting followers' spirits through inspiration and a shared vision. This suggests that transformational leadership is more than just managerial techniques; it involves developing a deep emotional connection between leader and followers. For example, a leader who can share a clear vision and motivate their team to work toward a common goal can create a strong sense of belonging among team members.

In contrast, transactional leadership emphasizes exchange mechanisms, such as rewards and punishments, to achieve organizational goals. In this context, leaders use incentives and punishments as tools to motivate followers. While this approach can be effective in certain situations, it often fails to create a strong emotional bond between leader and followers. Both

transformational and transactional leadership are integral to the full-range leadership model, a framework widely used in organizational research. This model shows that no single approach can be universally applied; instead, effective leaders often combine elements of both leadership styles to achieve optimal results.

Several studies in the context of Multi-Level Marketing (MLM) highlight the importance of transformational leadership. For example, research conducted by Cordell (2018) demonstrates that transformational leadership theory serves as a key conceptual framework for understanding leadership and entrepreneurial sustainability in MLM. These findings not only highlight the importance of self-efficacy—an individual's belief in their ability to achieve goals—but also emphasize how clear achievement goals can contribute to success in an MLM context. In practice, leaders who employ a transformational leadership style tend to be more successful in creating cohesive and committed teams, where each member feels valued and motivated to contribute optimally.

Techy (2022) explicitly found that MLM sponsors who employ transformational leadership behaviors tend to improve distributors' subjective performance. This suggests that a leadership style that emphasizes inspiration and emotional support can have a positive impact on individual performance in network marketing. Research conducted by Saepudin & Resmiati (2024) in Indonesia also found that leadership style has a significant influence on MLM salesperson performance. This suggests that a more humanistic and empathetic leadership approach can have a greater impact in the context of sales and marketing.

In the context of network marketing, the leadership position is unique because the relationship between upline and downline is interdependent. Qualitative research by Basu (2018) reveals that network marketing leaders often perceive their role as providing technical support and mentoring, rather than solely motivating. This reflects a paradigm shift in the understanding of leadership, where leaders are responsible not only for motivating but also for providing practical guidance and support to team members. MLM leaders tend to begin their careers with material motivations, such as high income; however, over time, they often experience a shift in motivation toward non-material factors, including self-actualization and personal achievement. This suggests that effective leadership in the MLM context requires a deep understanding of the needs and aspirations of the individuals within the team.

Basu further explained that in network marketing leadership practices, leaders use a shared vision to overcome challenges. They often describe themselves as "willing overcomers" and consider their team a "family." This approach reflects the importance of solidarity and communality in MLM leadership, where leaders serve not only as superiors but also as part of a supportive community. This creates an environment where team members feel safe sharing their ideas, challenges, and achievements, which in turn can improve the team's overall performance.

In summary, the literature indicates that transformational leadership is considered effective in improving the performance and sustainability of MLM businesses. However, other aspects such as training, communication, and interpersonal support are also considered vital in facilitating a successful MLM system. Proper training can help team members develop the necessary skills, while effective communication ensures that all team members are aligned and understand the shared vision and goals. Interpersonal support, on the other hand, creates stronger bonds between team members, which can increase mutual trust and collaboration.

This study seeks to gain insight by directly examining leadership practices within MCI Indonesia. By understanding how leadership is applied in this specific context, we can gain a deeper understanding of the factors contributing to success in network marketing. Through this

analysis, we hope to generate practical recommendations that can help leaders improve their effectiveness and, ultimately, improve overall team performance.

3. Method

This study employed a qualitative approach to gain an in-depth understanding of leadership at MCI. Primary data was obtained through in-depth interviews with a semi-structured guide, allowing for free exploration of each informant's experiences and perspectives. Fifteen respondents were purposively selected based on specific criteria, namely experience in MLM businesses, organizational position (leader or core team member), and career success within the MCI network. Data collection took place over three months in 2025, with a combination of face-to-face and online interviews to reach respondents in different locations.

The interview data were analyzed using thematic analysis. Each interview was transcribed and read repeatedly to identify emerging narrative patterns and key concepts. Key themes were derived from initial codes and grouped within a framework that illustrates the dynamics of leadership within MCI. The analysis also considered the socio-cultural context, such as family and religious values, that may influence leadership practices. In addition to primary data, secondary data such as MCI annual reports, APLI publications, and related articles or case studies were also collected to provide additional context and triangulate the findings.

4. Result and Discussion

Thematic analysis conducted within the context of leadership practices at MCI revealed several key patterns that are very interesting and relevant to further discussion. The first theme that emerged clearly was the dominance of the transformational leadership style. In interviews, the majority of MCI leaders described themselves as figures who inspire and motivate team members through a strong shared vision. They not only lead but also encourage team members to see a larger purpose beyond individual interests. For example, several respondents stated that they consistently emphasize the importance of self-development and financial freedom as collective goals, which in turn creates high team morale. This leadership style aligns closely with the definition provided by Robbins (2010), which describes transformational leaders as those who encourage their followers to set aside personal interests in order to achieve exceptional performance. This finding also aligns with previous research, which shows that the inspirational element of transformational leadership has a significant positive correlation with distributor performance in the MLM context.

Furthermore, it is essential to understand how this leadership style is applied in daily practice. MCI leaders frequently use storytelling techniques to convey their vision, creating compelling and memorable narratives. For example, a leader might share success stories of team members who have achieved financial freedom through their hard work and dedication. These stories are not only motivating but also provide concrete examples for other team members to follow. Thus, transformational leadership at MCI is not merely theoretical but also highly practical and applicable in the daily lives of team members.

The second theme identified in this analysis is the use of transactional exchanges, which complement the transformational leadership style. Some MCI leaders explicitly use reward and incentive systems as a tool to encourage team member performance. For example, they offer bonuses or special recognition to members who successfully meet sales targets or recruit new members. Although the impact of this transactional leadership style is not as significant as the transformational style, respondents still emphasized the importance of reward systems and

clear bonus mechanisms. This reflects the concept of transactional leadership, which encourages cooperation based on task rewards. In this context, it is important to note that the combination of these two leadership styles creates a full-range leadership approach, where leadership at MCI relies not only on psychological motivation but also utilizes material incentives to drive team performance.

For example, in a team meeting, an MCI leader might explain in detail the bonus structure and how each member can contribute to achieving the set targets. By providing a clear picture of the rewards to be earned, team members feel more motivated to work diligently and collaborate effectively. A study by Judge and Piccolo (2004) showed that leaders who combine these two styles tend to be more successful in creating a productive and harmonious work environment. The third theme that emerged in this analysis was interpersonal relationships and social support. MCI leaders tend to build close relationships with their downlines. In interviews, respondents frequently mentioned the importance of mutual trust and a sense of family within their network. This family-like relationship is reflected in leaders' willingness to be patient mentors, listen to complaints, and foster the development of team members' skills. Basu (2018) noted that MLM leaders often view themselves as "technical support providers" for their members and use metaphorical terms, such as "family," to refer to their teams. Similar findings emerged in this study, where leaders' narratives frequently included a shared vision, which they referred to as the "MCI family vision," and familial terms, indicating a strong collective cultural context.

In practice, this connection is evident in various forms, ranging from informal meetings outside of work hours to training sessions designed to enhance members' skills. Leaders who actively listen and provide constructive feedback create a safe environment in which members can share their ideas and concerns. In this way, MLM leaders in MCI serve not only as superiors but also as mentors, fostering solidarity and a sense of belonging among team members. This aligns with the description that leadership in an MLM context should be viewed as something that can be learned, with leaders serving more as providers of technical support than simply as motivators.

Furthermore, training and self-development emerged as important themes in leadership practices in MCI. Many leaders emphasized the importance of internal training routines to improve the communication and sales skills of downlines. They held regular meetings, workshops, or online discussion groups to share marketing strategies and interpersonal skills. This is highly relevant to APLI's findings, which show that MLMs often offer self-development training and mentoring, allowing members to learn essential skills such as communication and leadership through the MLM network. Although APLI's findings only cover the 2015–2024 period, nearly all MLM leaders acknowledge the importance of structured and reproducible training.

In this context, training focuses not only on the technical aspects of selling but also includes developing interpersonal skills essential for building relationships with customers. For example, a leader might conduct a training session on how to communicate effectively with customers, including active listening techniques and strategies for handling objections. This suggests that leadership at MCI also focuses on building scalable systems, where team members can easily adopt and implement proven strategies.

From a results perspective, respondents acknowledged that these combinations and contextual leadership practices were effective in achieving team goals. Leaders' commitment to creating team spirit and clarity of direction has been shown to increase motivation and work consistency. These results corroborate research by Saepudin et al. (2024), which demonstrated that effective leadership styles significantly contribute to individual performance in MLMs. Furthermore, respondents' responses that shared accomplishments bring satisfaction demonstrate a link to

the theme of self-efficacy identified by Cordell (2018) in the context of sustainable MLM leadership.

However, it is essential to note that, despite the numerous positive aspects of MCI leadership practices, several challenges were also encountered. Several leaders identified adapting to strict regulations and public perceptions of MLMs as significant obstacles. While these challenges were not empirically examined in this study, these insights support APLI's recommendation that MLM leaders should be visionary and adaptive in the face of changing regulations and market trends. This suggests that to achieve long-term success, MCI leaders must continually develop their skills and strategies to adapt to these changes.

The overall findings from this analysis indicate that leadership in MCI is dynamic and complex. The dominant leadership style is transformational, practiced through a transactional reward system, and characterized by family values and technical support for members. This pattern is consistent with MLM leadership literature, which emphasizes the importance of a combination of styles and interpersonal relationships in achieving optimal performance. By understanding and applying these principles, MCI leaders can lead their teams more effectively toward sustained success.

5. Conclusions

This qualitative research reveals that in the context of Millionaire Club Indonesia, transformational leadership plays a central role. MCI leaders successfully inspire and motivate their downline network through a shared vision, role model, and individual empowerment—the hallmarks of transformational leadership. At the same time, transactional elements such as incentives and rewards continue to be used as additional incentives. Strong interpersonal relationships (familial relationships) and support for self-development are key to the network's success, reflecting previous research in the field of network marketing.

The results of this study contribute to the understanding of MLM leadership in Indonesia by confirming that effective leadership patterns combine inspirational, transformational, and systematic, transactional aspects, while remaining sensitive to members' socio-cultural values. These findings are useful for the management practices of MCI and similar MLM companies, such as designing balanced training and incentive programs. Future research could quantitatively explore the influence of leadership on specific performance and compare leadership patterns across MLM companies.

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