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Reasons for Leaving Multi-Level Marketing on the Polish Market

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Aron-Axel Wadlewski[1]

Abstract:

Purpose: *The purpose of this article is to identify the reasons for resigning from participation in Multi-Level Marketing (MLM) systems in the Polish market and to determine the factors influencing the decision to terminate cooperation with companies operating within this model. The analysis takes into account economic, organizational, and ethical aspects, as well as issues related to the motivation of MLM participants.*

Design/Methodology/Approach: *A qualitative-quantitative approach was applied in the study. The collected data originated from a survey conducted using the CAWI method among former participants of MLM systems in Poland. The qualitative analysis involved the categorization and interpretation of respondents' open-ended answers to the question: "What was the reason for resigning from activity in your most recent MLM company?". The results were supplemented with a literature review on motivation, organizational loyalty, and the management of direct sales networks.*

Findings: *The research results indicate that the most common reasons for resignation include the lack of measurable financial benefits, excessive effort required to achieve desired outcomes, difficulties in sales and recruitment, and the low attractiveness of marketing plans. Among ethical factors, respondents mentioned characteristics resembling financial pyramids and a lack of transparency in company operations. Some participants also cited personal reasons such as lack of time, other professional goals, or a change in their preferred work style. The findings suggest that overly high expectations placed on participants and inadequately designed motivational systems contribute to increased turnover within MLM structures.*

Practical implications: *The obtained results may serve as a basis for developing more effective strategies aimed at retaining distributors within MLM structures. They highlight the need for greater transparency of marketing plans, the implementation of fair and adequate compensation systems, and the enhancement of managerial competencies among network leaders. The conclusions may be applied by MLM companies to reduce participant turnover and to strengthen motivation, satisfaction, and loyalty among their members.*

Originality/value: *The article represents one of the few studies addressing the reasons for resignation from MLM activities in Poland. It offers a new research perspective by focusing not on the motives for joining, but on the mechanisms of withdrawal and declining engagement within MLM structures.*

Keywords: *Multi-Level Marketing, MLM, resignation from activity, participant motivation, turnover in MLM structures, direct selling.*

[1]*PhD, University of Lodz, Faculty of Management, Poland, ORCID ID: 0000-0001-6038-8770, e-mail: aron.wadlewski@uni.lodz.pl;*

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Paper Type: *Research study.*

1. Introduction

Business activity within the framework of Multi-Level Marketing (MLM) has continued and systematically both in Poland and worldwide (World Federation of Direct Selling Associations, 2020/2021). This trend reflects growing interest in alternative forms of entrepreneurship combining elements of direct selling, relationship marketing, and commission-based motivational systems.

Previous studies have primarily focused on the motives for entering cooperation with MLM companies, highlighting economic, relational, and developmental factors. Much less attention has been devoted to analyzing the reasons for leaving such ventures. In practice, it is observed that many participants decide to withdraw from MLM systems after a relatively short period of activity.

High participant turnover represents one of the key problems limiting the stability and efficiency of marketing structures, thereby hindering the long-term development of enterprises operating within this model. This phenomenon requires further in-depth research, as it may stem both from a mismatch between participants' expectations and the realities of MLM operations, and from deficiencies in motivation, organizational support, and relationship management within sales networks.

Against this background, the purpose of the article was formulated as the identification of the reasons for resignation from participation in Multi-Level Marketing (MLM) systems in the Polish market and the determination of the factors influencing the decision to discontinue cooperation with companies operating within this model.

For the purposes of the research, it was assumed that the reasons for resigning from MLM activities may reflect both objective structural and systemic difficulties (e.g., lack of income, complexity of marketing plans, recruitment problems) and subjective psychological or social factors (e.g., professional burnout, lack of time, interpersonal conflicts). The analysis of these aspects makes it possible to understand the extent to which insufficient motivational support and the lack of real development opportunities influence the decision to leave MLM.

The article is structured as follows: the first section presents a review of the literature on the MLM phenomenon, with particular emphasis on its defining characteristics. The literature review is complemented by an overview of research concerning participant satisfaction and motivation. The subsequent section describes the research

methodology, including the qualitative approach applied. The following part presents and discusses the results of the conducted study, while the final section summarizes the main conclusions and outlines practical implications for MLM companies operating in the Polish market.

2. Literature Review

The MLM phenomenon can be perceived as a model combining elements of motivation, relationship management, and distribution.

In terms of motivation and relationship management, direct selling systems based on the MLM model can be analyzed from the perspective of utilizing complex motivational mechanisms aimed at maintaining participant engagement and stimulating their effectiveness. In particular, the use of gamification elements is observed, defined as the application of game mechanics in non-entertainment contexts to enhance motivation and performance (Deterding *et al.,* 2011).

In the context of MLM, gamification can serve both a motivational function - supporting participant engagement - and a coordinating one, enabling the monitoring of progress and strengthening goal orientation. The most commonly used elements include point systems, leader rankings, and promotions to higher levels within the structure (Helmafik, 2019). The purpose of these mechanisms is to reinforce engagement, a sense of belonging, and healthy competition within the sales network. At the same time, their improper implementation may have the opposite effect, contributing to an increased frequency of participant resignation.

In terms of distribution, MLM can be analyzed from two main perspectives: the enterprise and the system participant.

From the enterprise's perspective, MLM represents an unconventional method of distributing products and services, aimed at expanding the reach and intensity of sales while simultaneously reducing intermediary costs (Vogelgesang, 2015). Within this model, a company can eliminate costly components of the traditional sales process, such as mass advertising, wholesalers, or retail networks, allowing it to offer products at more competitive prices while maintaining adequate quality.

From an organizational standpoint, MLM serves as a form of sales outsourcing that enables companies to focus on production while delegating distribution to a network of independent distributors (Warzecha, 2012). This solution leads to significant savings resulting from the "streamlining" of traditional management structures.

From the participant's perspective - whether as a distributor or a customer - MLM represents a form of cooperation that enables not only the sale of a company's products but also the building of one's own customer network through recommendations and the recruitment of new members (Santos, Spers and Cremonezi, 2017). This model

relies on direct communication between participants and on long-term relationships that replace the traditional contract-based ties typical of conventional distribution channels (Warzecha, 2012).

A key component of the MLM system is the multi-level compensation mechanism, under which distributors earn commissions not only from their own sales but also from the turnover generated by individuals within their downline structure. Thus, MLM constitutes not only a sales method but also a platform for personal and professional development, offering participants opportunities to enhance their sales, leadership, and communication skills.

Its attractiveness stems from low entry barriers, minimal qualification requirements, and limited startup costs (Santos, Spers and Cremonezi, 2017). Distributors may participate in training programs organized by leaders and parent companies, benefit from reward and recognition systems, and build their position within the structure, which in theory fosters long-term engagement in MLM activities.

As a result, MLM serves as an effective strategy for companies to expand and build their brands without the need to engage an extensive network of intermediaries, while for participants it represents an opportunity to develop entrepreneurship based on relationships and individual sales competencies.

3. Research Methodology

Based on the literature review and the analysis of the phenomenon of resignation from MLM activities, the following research questions were formulated:

RQ1: *What are the main reasons for resigning from MLM structures in the Polish market?*

RQ2: *Do the reasons for resignation differ depending on the participants' gender?*

RQ3: *To what extent do factors related to the marketing plan, compensation structure, and network relationships influence the decision to resign from MLM activities?*

To address the above research questions, a quantitative study was conducted using the Computer-Assisted Web Interview (CAWI) method. The research tool was a standardized electronic questionnaire developed using the Webankieta.pl platform. The use of this method made it possible to reach a wide group of former MLM participants while ensuring full anonymity.

The applied research method made it possible to collect data on both economic and organizational factors, as well as on personal and emotional motivations influencing the decision to resign from MLM activities. The quantitative data obtained form the basis for analyzing the reasons for resignation and identifying recurring decision-

making patterns among former participants of multi-level marketing structures in Poland.

The general population consisted of individuals who had conducted or were conducting business based on the MLM model. This population was then narrowed to include only those who had resigned from further cooperation with an MLM company. As in previous studies on this sector, the absence of statistical records of MLM activities in Poland made it impossible to prepare a complete sampling frame. Therefore, a purposive sampling method was applied, using the snowball technique, which involved recruiting respondents through the network of contacts of individuals who had previously participated in the study.

The study was conducted on a sample of 352 respondents from across Poland, from which a subgroup of 131 individuals who had resigned from MLM activities was identified. Within this subgroup, women constituted the majority - 98 respondents (74.81%) - while men accounted for 33 respondents (25.19%).

The largest age group consisted of individuals aged up to 26 years (47.33%), followed by those aged 27-32 years (16.79%). The age groups 33-42 and 43-58 each included 21 respondents (16.03%), whereas individuals over 58 years of age represented 3.82% of the sample.

In terms of education, the majority of respondents held a higher education degree (57.25%), while 38.93% had secondary education and 2.29% had vocational education.

The vast majority of respondents declared participation in MLM structures lasting no longer than one year (43.51%). The second largest group consisted of individuals with experience in the industry ranging from one to two years (29.77%), while 26.72% of respondents reported experience between two and ten years.

Within the studied group, respondents represented varying career levels within MLM structures. The majority held entry-level positions (member, partner) - 67.94%, while team leaders and coordinators accounted for 22.9%, and individuals in higher positions (managers, directors) made up 9.16% of the sample.

4. Research Results and Discussion

The analysis of the research results made it possible to identify the reasons for resignation from activities within Multi-Level Marketing structures, taking into account differences in responses by gender. The data presented in the table below illustrate the distribution of answers regarding the reasons for leaving MLM, highlighting the distinctions between women and men.

Table 1. *Factors Influencing the Decision to Resign from MLM Activity – Research Results*

Reasons for leaving MLM	Total	Woman	Man	Difference
	N = 131	n = 98	n = 33	
Lack of tangible benefits from activity (e.g., income)	56,5%	58,2%	51,5%	6,6%
Excessive effort required to achieve desired results	47,3%	52,0%	33,3%	18,7%
Difficulties related to product sales	32,8%	37,8%	18,2%	19,6%
Difficulties in meeting the requirements of the marketing plan necessary for commission payouts	22,1%	23,5%	18,2%	5,3%
Difficulties in recruiting and training new distributors within the structure	19,1%	17,3%	24,2%	6,9%
The company exhibited characteristics of a financial pyramid	19,1%	17,3%	24,2%	6,9%
Other (please specify)	16,0%	14,3%	21,2%	6,9%
Unattractive company marketing plan	12,2%	14,3%	6,1%	8,2%
Departure of individuals from my network structure	9,2%	7,1%	15,2%	8,0%
Unattractive company products	6,9%	5,1%	12,1%	7,0%
Low quality of products offered by the company	5,3%	6,1%	3,0%	3,1%
Closure of the company by owners/shareholders	3,1%	1,0%	9,1%	8,1%
Company bankruptcy	2,3%	2,0%	3,0%	1,0%
Loss of an existing structure as a result of the company being taken over by another company	0,8%	1,0%	0,0%	1,0%

Source: *Own study.*

Response to RQ1: What are the main reasons for resigning from MLM structures in the Polish market?

The analysis of the collected data indicates that the dominant reasons for resigning from MLM structures are internal factors related to the individual assessment of efficiency, profitability, and work organization within the Multi-Level Marketing model.

The most frequently cited reason for resignation was the lack of tangible financial benefits (56.5% of responses). This result suggests that for a significant number of participants, actual earnings from MLM activities were lower than expected, leading to decreased motivation and a sense of inefficiency in their efforts. Respondents' statements indicated that, despite the declared earning potential of the industry, the

real possibility of achieving stable income was limited and required long-term involvement without any guarantee of success.

The second most frequently indicated reason for resignation was the excessive effort required to achieve the desired results (47.3%). For many participants, the level of time and effort necessary to maintain activity within the MLM structure proved disproportion to the benefits obtained. This points to the phenomenon of so-called "operational overload," which may lead to burnout, frustration, and ultimately the decision to discontinue participation.

The next most frequently mentioned reasons were difficulties in selling products (32.8%) and problems with meeting the requirements of the marketing plan that conditioned commission payouts (22.1%). These responses confirm that sales barriers and the design of compensation systems are key sources of participant dissatisfaction.

The requirements concerning minimum sales or recruitment levels often proved too demanding for some distributors, limiting their access to due commissions and generating a sense of unfairness within the system.

Another group of factors included relational and structural issues, such as difficulties in recruiting and training new members (19.1%) and the perception of the company as having characteristics of a financial pyramid (19.1%). This indicates that for some respondents, the decision to resign stemmed from disappointment with the very nature of the MLM model, whose ethical and legal boundaries are often perceived as ambiguous.

Subsequent reasons included organizational and product-related factors, such as an unattractive marketing plan (12.2%) and the low quality and appeal of the company's products (12.5%), as well as personal factors, for example, the departure of key individuals from one's own structure (9.2%). External factors beyond participants' control, such as the closure or bankruptcy of the company (3.1% and 2.3%, respectively), were mentioned much less frequently.

These results confirm that the motivational and structural mechanisms employed by MLM companies do not always translate into real opportunities for achieving satisfactory outcomes, which consequently leads to the decision to discontinue further cooperation.

Response to RQ2: Do the reasons for resignation differ depending on the participants' gender?

A comparison of responses from women and men revealed significant differences in the perception of reasons for resigning from MLM activities. These differences can be grouped according to their magnitude into three ranges:

- **strong differences** (19.6–18.7 percentage points),

- **moderate differences** (8.2–5.3 percentage points),
- **minor differences** (4.9–1.0 percentage points).

1. **Strong differences** (19.6–18.7 p.p.) between women and men concerned factors related to workload and operational activity. Women were significantly more likely to indicate:

   - the necessity of excessive involvement (52.0% of women versus 33.3% of men – difference of 18.7 p.p.),
   - difficulties in selling products (37.8% versus 18.2% – difference of 19.6 p.p.).

   These results suggest that women more frequently experienced work overload and difficulties in maintaining a balance between MLM activities and other areas of professional and personal life. Such differences may stem from the unequal distribution of domestic and professional responsibilities, as well as from divergent perceptions of the flexibility of work in the MLM model. For many women, this system-despite its declared independence-proved to be time-consuming and difficult to reconcile with other commitments, leading to discouragement and eventual resignation.

2. **Moderate differences** (8.2–5.3 p.p.) were observed for structural and organizational factors related to the evaluation of the MLM system's functioning and credibility. Men more often than women indicated organizational and ethical problems within MLM operations, including:

   - closure of the company by owners or shareholders (9.1% of men versus 1.0% of women – difference of 8.1 p.p.),
   - departure of individuals from their own structure (15.2% versus 7.1% – difference of 8.0 p.p.),
   - unattractive company products (12.1% versus 5.1% – difference of 7.0 p.p.),
   - difficulties in recruiting and training new distributors (24.2% versus 17.3% – difference of 6.9 p.p.),
   - the belief that the company exhibited characteristics of a financial pyramid (24.2% versus 17.3% – difference of 6.9 p.p.).

   The transparency of operational principles, and the fairness of compensation systems. Men tended to perceive resignation from MLM as a consequence of lost trust in the system or a belief in its low long-term effectiveness. In contrast, women more often than men pointed to reasons related to business planning and economic outcomes, identifying factors such as:

   - an unattractive company marketing plan (14.3% of women versus 6.1% of men – difference of 8.2 p.p.),
   - a lack of tangible benefits from activity (58.2% versus 51.5% – difference of 6.6 p.p.),

- difficulties in meeting the marketing plan requirements necessary for commission payouts (23.5% versus 18.2% – difference of 5.3 p.p.).

These results indicate that women tended to focus more on individual experiences, a perceived lack of fairness in the compensation system, and the imbalance between effort and achieved results. It can be assumed that for women, formal and motivational factors-such as fatigue, frustration, and lack of support-were more significant, whereas men more frequently analyzed their activity in organizational and ethical terms.

3. **Minor differences** (4.9–1.0 p.p.). The smallest group included marginal differences, encompassing factors of lesser importance for the decision to resign. Both groups of respondents indicated similar reasons, such as the low quality of the company's products or the loss of an existing distribution structure.

Response to RQ3: To what extent do factors related to the marketing plan, compensation structure, and network relationships influence the decision to leave?
Factors related to the structure of the marketing plan, the compensation system, and the quality of relationships within the distribution network were found to have a significant, though differentiated, impact on the decision to resign from MLM activity. The study results indicate that for some respondents, difficulties in meeting commission requirements and the lack of transparency in the system's rules served as a direct trigger for ending their cooperation.

Approximately one-fifth of respondents (22.1%) indicated difficulties in meeting the marketing plan requirements necessary for commission payments, confirming that the complexity and lack of transparency of compensation systems can have a demotivating effect. Participants noted that the demands related to maintaining sales or recruitment levels are often too high compared to the actual market potential and the level of organizational support provided.

Additionally, 12.2% of respondents considered the company's marketing plan to be unattractive, which may indicate a misalignment between its design and the expectations or capabilities of distributors. Another 19.1% of participants pointed to difficulties related to recruiting and training new network members, revealing shortcomings in the internal support and development mechanisms within MLM structures.

These results indicate that organizational and relational issues are closely interconnected. Insufficient support from leaders, limited communication within the structure, and unrealistic sales targets lead to declining trust, increasing frustration, and loss of motivation among participants. Consequently, relationships initially based on enthusiasm and trust evolve into transactional ones, dominated by performance pressure and competition.

5. Conclusions

The conducted research made it possible to identify the key reasons for resignation from Multi-Level Marketing (MLM) structures in the Polish market. The analysis indicates that the decision to leave MLM is complex and results from a combination of economic, organizational, psychological, and social factors.

The most frequently reported reason was insufficient profitability, including low actual income relative to the effort invested and high personal costs such as product purchases or participation in company events. Many respondents emphasized the discrepancy between expected and actual financial results, which led to decreased motivation and a sense of ineffectiveness in their activities.

The second major area of dissatisfaction proved to be the difficulties associated with implementing marketing plans and compensation systems. The complexity, lack of transparency, and excessive requirements for maintaining sales or recruitment levels often made it impossible for participants to receive commissions. At the same time, some respondents pointed to insufficient support from leaders, limited communication within the structure, and excessive pressure to recruit new members.

As a result, motivational mechanisms - rather than strengthening engagement - began to have the opposite effect, leading to burnout and frustration. In light of self-determination theory (Gagné & Deci, 2005), it can be concluded that excessive control and pressure in MLM reduce participants' sense of autonomy, thereby lowering their satisfaction and internal motivation. The imbalance between the promise of success and the actual possibility of achieving it leads to a gradual decline in engagement and, ultimately, the decision to leave the MLM structures.

The analysis of the results also revealed gender-based differences in the perception of barriers to participation in MLM. Women more frequently emphasized workload and sales difficulties, while men more often pointed to structural, ethical, and organizational problems. This indicates that the factors leading to resignation from MLM are not only economic in nature but also psychological and social, which highlights the importance of considering gender as a significant variable in further analyses.

In practical terms, the study results indicate the need for greater transparency in communication, a more realistic presentation of earning potential, and improvements in motivational systems that better address the needs and capabilities of distributors. The high turnover rate among participants reflects a lack of balance between expectations and the actual support provided by MLM companies.

The study contributes to a deeper understanding of the mechanisms underlying withdrawal from MLM activities in Poland, serving as a starting point for further comparative analyses in an international context. Future research should focus on the

long-term consequences of leaving MLM, including the impact of this experience on attitudes toward entrepreneurship, trust in business relationships, and willingness to engage in subsequent market initiatives.

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