

# Organizational Culture in Direct Sales Teams

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# Abstract

This thesis explores the challenges when it comes to creating organizational culture within direct sales teams. The direct sales industry is a 179.3 billion U.S. dollars and involved more than 125 million representatives and distributors world wide (World Federation of Direct Selling Association, 2022), which is 7.8 times the recorded music industry. Organizational culture is important in direct sales teams not just to create a profit for direct sales companies to maintain innovation, create better products, and continuously be able to serve their customers. Furthermore, organizational culture is important in direct sales teams to create a healthy work environment for every distributor involved, to attract new distributors and customers and keep them attracted, and to create a good impression of the direct sales industry.

Embracing that communication constitutes organization the challenges were explored through a communicative approach to organizational culture along with topics like, sensemaking, organizing, identity, and leadership.

The approach to answering the problem formulation is grounded in qualitative research, interpretivism and the principles of social construction, language and meaning creation. The methods of data collection relies on publicly available videos and podcasts with leaders in direct sales talking about organizational culture within direct sales. A total of 10 videos and podcast episodes where experienced leaders within direct sales talk about organizational culture were selected. The leaders all have between 10 and 43 years of experience within direct sales and have created direct sales organizations with customer bases ranging from 20.000 - 300.000 customers and distributors. The videos were automatically transcribed and analysed with an inductive approach through a process of reflexive thematic analysis inspired by Braun and Clarke (2006). The process consisted of these four steps: Data familiarization, coding, organize codes, and the development of themes.

The analysis revealed these six challenges to creating organizational culture within direct sales: 1) Not talking enough about culture, 2) Not seeing, only hearing, 3) A transactional mindset in a relationship business, 4) Different levels of desire, 5) Expectations in a voluntary army, 6) Setting boundaries

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# Introduction

The aim of this thesis is to study organizational culture in direct sales teams. Organizational culture is important to any organization and thus also direct sales teams. Direct sales is a unique distribution method and form of sales “used by top global brands and smaller, entrepreneurial companies” (World Federation of Direct Selling Association, 2022) to market and sell their products or services to customers with no wholesaler or retail stores involved. Direct sales is a “market strategy that, for many companies and product lines, may be more effective than traditional advertising or securing premium shelf space” (World Federation of Direct Selling Association, 2022) as the method involves a relational aspect between people and can be described as word of mouth marketing.

What makes a direct sales company unique is that it offers a business opportunity to any adult person to become an independent contractor which among other titles often are named as distributors or representatives. Through the business opportunity the distributor can offer the company’s products or services to customers in exchange for a commission. On top of this a distributor can also utilize the power of leverage by offering the business opportunity to other people and thus create a team/network/organization of distributors. A distributor earns an income from his or her personal product sales and from the total volume of products or services sold in the entire organization he or she started. The commission is regulated by a company specific compensation plan and has the potential to grow along with the size of the team the distributor can create. The limit to how much or little the distributor gets paid is only determined by the performance and the ability of the distributor and his or her team. Thus, personal sales skills, recruiting and sponsoring skills, along with leadership and organizational culture becomes important. Sales, recruiting, sponsoring and leadership are very well described and taught in the direct sales space, but organizational culture to a lesser extent.

Organizational culture is important in direct sales teams, not just to create a profit, but also for the company to maintain innovation, create better products, and stay relevant. Furthermore, organizational culture is important in direct sales teams to create a healthy work environment for every distributor involved, to attract new distributors and customers and keep them attracted, and to create a good impression of the direct sales industry. To research organizational culture in direct sales teams this thesis has the following problem formulation:

## **What are the biggest challenges when it comes to creating organizational culture in a direct sales team?**

### Road map

The next section will include a literature review and development of theory followed by my methods for explaining how I will conduct this study. I will conclude with my findings and a discussion of why the findings of this study are important for those interested in communication, culture, identity, and leadership and for those interested in direct sales.

### Literature review

The literature review consists of two parts. The first part gives an overview of the direct sales industry, its characteristics, and its current extent. The second part explains the connections between communication, culture, identity, and leadership and develops the theory which will be used as a lens to understand and answer the problem formulation.

#### Part 1: An overview of the direct sales industry

The direct sales industry is a sizable industry which exists in most countries across the globe. In 2020 the global revenue in the direct sales industry was 179.3 billion U.S. dollars and involved more than 125 million representatives and distributors world wide (World Federation of Direct Selling Association, 2022). To put that into perspective, the revenue was 7.8 times bigger than the recorded music industry which in 2020 had a global revenue of 23.1 billion U. S. dollars (Statista, 2021a). Compared to the pre-pandemic global revenue of the airline industry which in 2019 was 872 billion U. S. dollars (Statista, 2021b), the global revenue in the direct sales industry in 2019 was 175.3 billion U. S. dollars (World Federation of Direct Selling Association, 2022) which equals 20% of the revenue in the airline industry that year. Direct sales companies “market all types of goods and services, including jewelry, cookware, nutritionals, cosmetics, housewares, energy and insurance, and much more.” (World Federation of Direct Selling Association, 2022). Not all, but many direct sales products are consumable and are being offered through a subscription service, which gives the customers the benefit of home delivery and often lower price, and gives to direct sales company and the distributor the benefit of a recurring and more predictable income. Some of the key benefits to customers are often higher

quality products and a personalized shopping experience with a relational aspect (World Federation of Direct Selling Association, 2022).

Selling directly from person-to-person has been in existence for as long as commerce itself. The idea of a person re-selling a company's products was introduced around the beginning of the 20th century, and the direct selling model as explained so far in this thesis was first introduced under the name multi-level marketing, often referred to as MLM, in 1948 (Direct Selling Journal, 2022). Since then, the industry has been presented in many different versions, all with different names. Apart from direct sales and multi-level marketing some of these names are network marketing, leveraged sales (Gage, 2019, p. 12), compensated communities and community commerce (Orrin Woodward Blog, 2022). They are all more or less the same as what I describe as direct sales. Throughout this thesis the different names will be used interchangeably, but mainly I will refer to the model as direct sales or network marketing.

Besides the different variations of direct sales, some have also tried to exploit and misuse the business model's popularity and created what is known as pyramid schemes. For the untrained eye it can be difficult to distinguish between a legitimate direct sales business and a pyramid scheme. A key distinction between pyramid schemes and direct sales business is when it comes to having actual customers who use the product or service and who aren't a part of the business model and thus being a distributor/representative. A customer only benefits from the company's products whereas a distributor/representative benefits from the business opportunity and preferably also the products in order to be a reliable promoter for the company. This separation between distributors/representatives and customers is what separates any form of a legitimate direct sales business from an illegal pyramid scheme.

The United States Federal Trade Commission (2021) describes the difference between pyramid schemes and direct sales businesses as follows: "Your recruits, the people they recruit, and so on, become your sales network, or downline. If the [direct sales business] is not a pyramid scheme, it will pay you based on your sales to retail customers, without having to recruit new distributors". To the notion of pyramid schemes Gage (2019, p. 26) adds that for a direct sales business to be a legitimate business at least 51% of the company's revenue has to come from customers who don't benefit from the business opportunity, but only the products or services. Gage continues to explain that "The product must be a legitimate one that people would buy at the retail price on the open market" (2019, p. 29).

The benefits a distributor can experience from building a direct sales business and what characterizes the direct sales industry are many, and not all things matter to every distributor. Three of the most prominent categories of benefits are income, flexibility, and community. Next, I

will describe each of these categories in order to give the reader an understanding of why a person may want become a distributor in a direct sales team and the benefits a distributor may experience..

## Income

The most obvious benefit might be the possibility for distributors to earn an extra income (Gage, 2019, p. 58). Most distributors start off by investing some hours a week into their business with the aim to earn an extra income of a few hundred dollars. As their business grows that income can be scaled to a few thousand dollars and later possibly the equivalent of a full time income and beyond. Many distributors have a full time job when they start as a distributor in direct sales. Some choose to quit their full time job once their commission from direct sales matches their full time income. With most compensation plans there is no cap or limit to how much you can earn. As mentioned in the introduction the distributor's income is directly tied to effort, skills and performance but also to the distributor's ambitions. Some distributors have the ambition, skills, and tenacity to scale their direct sales businesses to six or even figures a year. It is possible, but definitely also the exception. If a distributor reaches this level of income through direct sales he or she has probably built a team of at least a several hundred other distributors to maybe even thousands depending on how the specific compensation plan is structured (p. 58).

For people who want to earn an extra income direct sales can be an alternative to other opportunities in the gig economy like Uber, TaskRabbit, DogVacay and Airbnb where people rent out their time, skill, effort, and properties and become part time drives, help people assemble IKEA furniture, dog sit, or rent a spare room (Gig Economy Group, 2022).

The direct sales industry offers the advantage of enabling the distributor to create a recurring income stream which doesn't apply to any of the mentioned alternatives. Many products or services from direct sales companies are consumable or need to be renewed every month. As a result of this many direct sales companies offer a subscription model which often allows the customer to save on the products or services, but also offer further convenience with monthly home delivery. As a distributor introduces and attracts subscription customers to his or her business he or she creates a monthly recurring income from those subscriptions as long as the customers keep ordering. If the customer keeps the subscription active for years, then the distributor gets paid month after month for as many years as the subscription is active, thus creating a recurring income based on the work the a distributor did once. If scaled, a benefit from having a recurring income can be more flexibility in life.



## Flexibility

Distributors operate as independent contractors, or in other words independent business owners, which means there are no requirements or limits from the company's side to when, where or how much the distributor should or can work. Distributors are simply paid a commission based on their efforts. They only have to abide by the code of ethics issued from the Direct Selling Association and the respective company they are affiliated with along with laws in the country they operate in (World Federation of Direct Selling Association, 2022). This aligns well with the idea of being your own boss, which often is mentioned as a motivational factor for becoming a distributor (Gage, 2019, p. xiv).

Most companies also offer their distributors a personal website which replicates the company's official website and is linked to the distributor's account. When a customer orders through the distributor's website all shipping, handling and payment is taken care of by the company without involvement of the distributor. This allows the distributor to carry a minimum of inventory. As opposed to other mentioned alternatives in the Gig Economy like Uber, TaskRabbit, DogVacay and Airbnb, distributors aren't limited by a physical location to do their business as they can conduct their business by phone or through the internet. The combination of the mentioned factors gives distributors a lot of flexibility when it comes to how, when, and where they operate their businesses, and allows direct sales teams to expand and become diversified across many different countries and cultures.

## Community

Woodward claims that there is a lack of community in the Western society "with the breakdown of family, friendship, and faith" (2022). He explains that the community that can be created within a direct sales organization, which he refers to as a compensated community, for some people can be a potential solution to the lack of community as it can create a sense of belonging. Woodward continues with the statement that "compensated communities aren't just a way to make money, it's a force for good in a world declining from lack of community".

Direct sales as a business model, along with the flexibility and extra income that it makes possible might not be a fit for everyone, but for those where this is a fit direct sales offers another benefit in the form of a community of people who most likely all want exactly that. When a new distributor is enrolled or sponsored into a direct sales team they are exposed to a range of different cultures and communities. They are exposed to the culture and community in the direct sales industry, in the specific company, and in the team they are enrolled into. Both

industry, company and team cultures within direct sales revolve around personal development, training, education, and mentoring (World Federation of Direct Selling Association, 2022).

When a new distributor is enrolled in a direct sales team, the team and especially the line of distributors he is connected with, also known as the upline, have an interest in helping the new distributor succeed, which among other things happens through training, education and mentoring. A cornerstone in the direct sales model is Pilzer's quote (2012, p. 166) "You only win when you help others win". This applies both when it comes to helping new and existing distributors, but also when it comes to helping customers benefit from the company's products or services.

People sign up as distributors in direct sales companies for various reasons and many of them fall into the three mentioned categories of income, flexibility, and community or the personal, emotional, or relational outcomes that these three broad categories can bring. Regardless of the motivation every distributor is a volunteer, and thus a direct sales team is a volunteer organization. This changes the power dynamics from what people might be used to at their jobs or other organizations, as "there is no conscription and you can't hire and fire people" (Gage, 2019, p. 234). The task for the leaders in direct sales team and direct sales team in general becomes to foster an environment, a community, and a culture where distributors want to be willing contributors (2019, p. 233).

## Research on direct sales

Direct sales have been studied in lots of different ways, mostly by business scholars who have studied the effectiveness of the business model like Reingewertz (2021) and Dimitrov (2017), but that is not my interest and what I want to get into. I am interested in studying the communication aspects and the culture aspects.

A direct sales organization is a unique organization with its own benefits, concerns, and issues. In order to identify the challenges when it comes to organizational culture within a direct sales organization, it is important to understand what communication is and the role it plays in constituting organizations and organizational culture, along with the role of individual distributors and leaders in this context. Part 2 of the literature review show the connection between communication, organization, culture, identity, and leadership.

## Part 2: Communication, culture, identity, and leadership

Scholars have been studying communication, culture, identity, and the role of leadership for many years. They are really interconnected ideas and important if we want to understand direct sales in a more detailed and nuanced way. This interconnectedness will be explained in the following section.

### Communication and sensemaking

In order to research organizations and organizational culture it is important to understand what communication is. Ashcraft, Kuhn and Cooren (2009, p. 22) defines communication as “the ongoing, dynamic, interactive process of manipulating symbols towards the creation, maintenance, destruction, and/or transformation of meanings, which are axial - not peripheral - to organizational existence and organizing phenomena”. This implies that communication revolves around meanings which according to Schoeneborn and Vásquez (2017) are negotiated and co-created among and between people and objects who most likely have varying interpretations of these meanings. Based on this it can be said that communication is much more than just mere transmission of messages, it is a complex process of meaning-making, which also can be explained as the process of sensemaking, as Ashcraft, Kuhn and Cooren’s (2009) way of explaining communication is grounded in sensemaking.

Loosely defined, sensemaking can be seen as a social practice which allows groups of people to make sense of and give meaning to their environment as well as their own actions, through which they shape their identities and further coordinate their actions.

The sensemaking process is complicated, and as it never really stops, it never really starts and thus it is always ongoing. What Weick (1995) says with the concept of sensemaking is that things don’t make sense, we make sense of things together. As we make sense of things the same way over and over again these become recipes for action. These recipes for action are the same as what Keyton (2005), Geertz (1973) and other culture and communication scholars would call organizational culture. Closely connected to organizational culture and grounded in sensemaking Weick (1995) describes how organizations really are processes of organizing.

### Organizations, and the process of organizing

When Ashcraft, Kuhn and Cooren (2009) describe communication as being “axial - not peripheral - to organizational existence and organizing phenomena” (p. 22) it is closely related to Weick’s (1995) theory of organizations being processes of organizing. From the sensemaking

perspective Weick sees organizations as chaotic, messy, dynamic, and ever changing social forms and thus Weick argues that the organization as a concrete thing is a myth. If we see an organization as static we miss something important. This leads Weick to explain an organization as an adaptive social form which is able to change and reshape itself, through the communicative process of sensemaking (Weick, 1995). Thus, for Weick sensemaking and organizing is the same thing.

Ashcraft, Kuhn, and Cooren (2009) also refers to the role of communication in the process of organizing as being constitutive of organizations. They say that communication is the “means by which organizations are established, composed, designed, and sustained” and call this approach the Communicative Constitution of Organization (CCO). When seen through the CCO approach, organizations are no longer just objects or entities where communication occurs within, and where the organization is separate from the communication. Organizations are now seen as ongoing communication processes, and thus we can see organizations as communication (2009). When we adopt a CCO approach it allows us to look at both communication and organizations as a thing and a process, hence a noun and a verb. Communication is a noun in the sense of a transmission of messages and a verb when we see it as a meaning-making and sensemaking process. When it comes to an organization as a concept it can be a noun in the form of an entity, and a verb in the form of an ongoing communication process of organizing.

Both the ideas of an organization being a noun and a verb are closely connected to the concept of sensemaking which basically says that things don't make sense, people make sense of things together. When people make sense of things the same way over and over again they form recipes for action, which according to Keyton (2005) and Geertz (1973) basically is the culture. This means that communication not just creates the organization, it creates the patterns of values within the organization which the organizations culture. Now, there are more nuances to organizational culture which will be described in the following section.

## Organizational culture

If communication constitutes organization we can also look at culture from a communicative perspective, which just like organizations conveys culture as being both a noun and a verb. Cheney et al. (2011) defines culture as “a system of meaning that guides the construction of reality in a social community” (p. 76), and which “encompasses all characteristics that humans have in common and that distinguish them from other animals, including symbol systems such as language, dress, rituals, myths, metaphors, stories, values, and attitudes” (p. 76). Keyton

(2005) says culture is a belief system which consists of “artifacts, values, and assumptions that emerge from the interactions of organizational members” (p. 35) and Alvesson (2013) supports this by saying that culture is something we create through socializing with each other. These definitions and statements are aligned and display culture as both a thing and a process of co-creation, hence both a noun and a verb.

Pacanowsky and O'Donnell-Trujillo (1983, p. 126) argue that culture is a communicative performance, where the complex meaning-making process of communication continually reconstructs the culture(s). Thus, in order to understand culture from a communicative perspective we have to look at the meaning-making process of communication as it is performed through actions and how it is enacted in practice (Keyton, 2005). Seen from a communicative perspective Keyton (2005) argues that organizational culture has five characteristics which can help to conceptualize it and describe how it is enacted in practice. She describes these characteristics as:

- Inextricably linked to organizational members
  - Dynamic, not static
  - Competing assumptions and values
  - Emotionally charged
  - Foreground and background
- (Keyton, 2005, p. 35)

By the first characteristic called “Inextricably linked to organizational members” (p. 35) Keyton refers to culture not being able to “exist independently of the organizational members who create it” (p. 35) and says that all organizational members sustain, develop, or change the culture through their actions and interactions. Through their actions and interactions organizational members also comprise a specialized language system for the organization which include norms and procedures that are often shared as “stories or myths about how work is done or what it means to work here” (p. 36). The culture is communicated from existing to new organizational members through these stories. When new members join the organization and adopt the existing language systems and other symbols in the organization they have the potential to alter and reshape them, and thus the culture. Even though every organizational member plays a role in shaping the culture, organizational culture can never be a result of just one organizational member. Instead it is a result of a mix of practices, dependent on present and past organizational members, which are accepted by the collective.

The second characteristic “Dynamic, not static” (p. 36) describes that organizational culture changes as organizational members change, which could be a change in belief systems or as they modify their norms. Keyton also includes Alvessons (2002) idea of cultural traffic and says that not only can culture change as organizational members change, join, and leave the organization but also as result of change in “societal values” (Keyton, 2005, p. 37). Changes to a culture can happen in many forms and “are inherent to the process of organizing” (p. 37). One form of change can be managers trying to direct and change organizational culture, to which Keyton mentions that “employees can accept, reject, or in some way modify these cultural directives” (p. 36).

Keyton’s third characteristic “Competing assumptions and values” (p. 37) describes that as an organization grows and develops into a network, or a team of teams, each team can develop its own belief system, assumptions, and values from which a subculture emerges. Some of these might be overlapping with those of other subcultures and the overall organization’s consensual culture, but can also be distinguishing and thus be “competing assumptions and values” (p. 37). Keyton argues that “organizational cultures are often better described as a set of subcultures” (p. 47) and that a consensual view of organizational culture may be difficult to achieve. When it comes to subcultures it is important to notice that clarity and identification with the organization’s overall consensual culture may reign at the center of the organization, but fuzziness may occur at the periphery of the organization due to competing and contradicting values and assumptions.

Keyton’s fourth characteristic “Emotionally charged” (p. 39) highlights that assumptions, values, and other symbols only are meaningful if organizational members have feelings or emotions about those. “For example, an assumption about how one works, if questioned, will likely draw emotion from the organizational member defending the practice” (p. 39). As emotions can be both positive or negative in an organizational setting, the culture can be both negatively and positively charged. The emotions and feelings which organizational members express, influence the meaning-making process and thus the culture.

With the last of the five characteristics “foreground and background” (p. 39) Keyton indicates that “organizational members make sense of their current interactions - the foreground - based on their understanding of the existing culture - the background” (p. 40). While organization members make sense of the foreground, the background is being reshaped, as the current interactions among organizational members either “creates, enhances, sustains, or contradicts the existing culture” (p. 40). This cycle is always in process and is never completed, and is what Pacanowsky and O’Donnell-Trujillo (1983) refers to when they say that culture is a

communicative performance. These five characteristics helps us understand what organizational culture is and how to conceptualize it. However, Keyton (2005) also mentions a lot of myths about culture and what culture is not, which will be reviewed next.

### Myth about organizational culture and what it is not

Despite all the definitions and characteristics of organizational culture mentioned above, it can still be a difficult concept to understand, define, and study. Once we start talking and defining organizational culture, and thus simplifying organizational culture as a concept, it loses its complexity, dynamics, and vitality (Keyton, 2005, p. 69 - 74). In this section I will highlight what organizational culture is not and some of the myths that can arise when we start talking about organizational culture.

Keyton argues that “Organizational culture is not any one value, belief, or assumption” (p. 69), but a combination of multiple of each which are all connected in “webs of significance” which Geertz (1973, p. 5) uses as his definition of culture. Every organizational member’s perception of the organization is unique and plays an integral role in spinning these webs and socially constructing the culture through communicative performances. Thus, organizational culture can not be dictated by leaders, as the organization members respond to the leaders’ effort to dictate the culture by either “accepting, rejecting, resisting, or subverting” their efforts. “As a result, culture is self-organizing and always evolving, being shaped and reshaped, but never in an absolute way” (Keyton, 2005, p. 73).

Keyton also argues that “organizational culture is not just the habits and practices of an organization” (2005, p. 69), but also the underlying norms, values, assumptions, and beliefs that the habits and practices are manifested through. Neither is organizational culture the social structure of the organization. According to Keyton organizational culture is the set(s) or patterns of “artifacts, values, and assumptions that emerge from the interactions of organizational members” (p. 35) and “social structures are the tangible and specific ways in which organizational members create relationships through their interactions with each other” (p. 69). These two do not necessarily resemble each other. Even though an organization might have a brand, a trademark, a name, a symbol or logo, a saying or a catchy phrase presented as a vision, these are not the organization's culture. It is the co-created meanings and beliefs that emerge when organizational members interact with each other and the mentioned entities that is the organization’s culture. The entities may be an “outward representation of an organization’s culture, but it is not the culture” (p. 69 - 70), it is mere talk and an attempt to transact messages.

A myth Keyton mentions is that “talking about changes to the culture will change the culture” (p. 73), which it will not. “Espoused values cannot create culture, only enacted values can” (p. 73).

Furthermore Keyton argues that there is a distinction between organizational culture and professional culture. “The specialized training of professionals, such as nurses, journalists, and engineers, creates a professional or occupational culture” which “establishes the norms, standards, and operating practices of the profession and in turn shapes how individuals enact their profession” (p. 70). It is important to notice, that even though many norms and operating procedures might be dictated by professional cultures, the degree to which the individual professional adheres to these might vary. Most salaried organizations employ people from a wide number of professions, and thus the professional culture is rarely the organizational culture. However, Keyton does point out that if one profession is strongly represented in the organization or powerful organizational members belong to a certain profession, “a professional culture may form and exist simultaneously with the organizational culture” (p. 70). Along the lines of organizational culture not being a professional culture it is also not “equivalent to industry characteristics” (p. 70). Organizations in the same industry might operate in similar ways, and the industry might have industry-wide standards and be prone to the same government regulations which impact different organizations in similar ways. However, because every organization is unique and organizational culture is “inextricably linked to organizational members” (p. 35) and constructed “locally, socially and historically” (p. 73), the culture will vary between organizations in the same industry and “cannot be replicated” (p. 73). Thus, “what works as culture in one organization will not necessarily work in another” (p. 73).

Another myth which Keyton mentions is that “organizational culture does not matter. Employees are motivated by money. Pay them well enough and they will be productive” (p. 74). This is simply not true, as different people are motivated by different motivational factors and money is one of those. For leaders and organizations in general it is important to keep in mind that “people have choices about where they want to work” (p. 74), which means that organizational culture does matter. This leads directly into the last of Keyton’s myths about organizational culture that I want to point out, which is that “all aspects of organizational culture are positive” (p. 74). There are negative elements and aspects in every organizational culture which can cause uncertainty, conflict, tension, and manipulation and affect the organizational members’ wellbeing and effectiveness, along with the organization’s ability to innovate, create sales, and attract new organizational members. Every organizational members’ perception is different and no single one of them “can see all aspects of the culture” (p. 74). Different organizational members may simply be unaware of certain aspects and pay attention to different



aspects, and thus the organizational culture is being perceived and identified differently by every organizational member as they all engage in the meaning-making and sensemaking process differently.

When we take a communicative perspective towards culture and see it as a “communicative performance” (Pacanowsky & O’Donnell-Trujillo, 1983, p. 126) and a “belief system that emerges from the interactions of organizational members” (Keyton, 2005, p. 35) as they engage in the meaning-making and sensemaking process, then organizational culture is now both a noun and a verb, and the myths mentioned above and the description of what culture is not further complicates the concept of organizational culture. What adds to this complexity is identity and the process of identification.

## Identity and Identification

If we embrace a communicative approach to organizations and culture, then identity or in other words, subject position becomes a big part of that. As organizational members co-create and constitute organizations, they also co-create and constitute who they are and the “subject” position from which they are able to participate in the organization (Larson & Gill, 2017, p. 37). Thus, if cultures in organizations are slightly everchanging, so are the identities of organizational members, as they come to understand themselves in new ways by talking themselves into existence. As we move from culture to (sub)culture, or in between cultures, our identity changes as we once again talk ourselves into existence and co-create our identities. Through this meaning-making identification process of re-narrating our story and who we are, we change as persons (Larson & Gill, 2017). Like with communication, organization, and culture then the idea of noun and verb can be applied here with identity being a noun and the process of identification being a verb.

As shown both identity and organizations are constituted through communication, but they are also mutually constituted in relation to each other, and therefore “it is difficult to separate identity and organization” (p. 41). This means that if our identities are shaped and formed by the organization in the process of identification, and the organization is co-created and shaped by our identities, then identity also shapes culture. The next thing that I want to review is the leaders role in relation to organizational culture.

## Leadership

Leadership is a broad topic and has been studied by many scholars, but communication scholars attentive to leadership include Fairhurst, Connoughton and Alvesson. The first two mentioned scholars, Fairhurst and Connoughton (2014), offers six perspectives on communicative leadership from which I will focus on the first two which they have called “Leadership communication is transmissional and meaning-centered” and “Leadership (communication) is relational, neither leader-centric nor follower-centric” (2014, p. 10). With these two perspectives they indicate that leadership happens through communication and that leaders kind of have a special responsibility to influence communication which then influences both the organization, the culture, and the identity of organizational members through a sensmaking process. Furthermore, they indicate that leadership happens in the relation between the leader and the follower and isn’t centered on either the leader or the follower, and thus the relational process also influences organizaiton, culture, and identity.

Alvesson (2011) says that leaders work within a culture rather than on a culture (p. 163). He describes that leaders don’t just influence culture, the culture also influences the leader. Alvesson says that leadership never really happens outside a cultural context and that “the cultural context guides the leader as how leadership should be carried out” (p. 161). When focusing on advancement and promotion within the organization leadership seems to be “culture-driven” (p. 161) as it often is dependent on the leader fitting the culture. Alvesson also says that “it seems likely that most people expected to exercise leadership in their jobs are much more strongly influenced by organizational culture than they are involved in actively producing it”.

These ideas on leadership and how they relate to culture seems to show some slight contradictions. Fairhurst and Connoughton (2014) says that culture can be affected by a meaning-centered approach to leadership communication as well as by relationships between the leader and the follows. Alvesson (2011) doesn’t reject the idea of leaders being able to affect the culture, but he indicates that it happens to a lesser extent than the leader being influenced by the culture, which shows that the relation between leadership and organizational culture is complex.

## A communicative perspective on direct sales

A direct sales team is a volunteer organization largely motivated by income, flexibility, and community or the personal, emotional, or relational outcomes that these three broad categories

can bring. Organizational culture and community within the direct sales team is important for multiple reasons but first and foremost to attract and engage distributors and ensure that they remain happy and want to be a part of the team.

If communication within direct sales teams creates organization, culture, and identity, and leaders and distributors are influenced by both culture and identity, yet also can influence the culture and identity through a meaning-making process of communication then communication becomes important for building culture within direct sales teams.

As communication in a CCO perspective is a broad topic that includes many aspects, this study sets out to identify the challenges when it comes to creating organizational culture within direct sales teams.

## Methodology

This section will describe the methodology I used to conduct the research. The section starts out with explaining my ontological and epistemological standpoints, which are followed by a description of my overall research design and concluding with a thorough description of my methods of data collection and methods of data analysis.

My approach to answering the problem formulation in this thesis is grounded in qualitative research and the principles of social construction, language and meaning creation. Thus, I recognize that people engage in a social co-creation process that includes language, interactions, communication, and relationships which shapes their meanings and realities and thus makes my ontological standpoint social constructionism (Bryman, 2016).

In this study I interpret how different leaders within the direct sales space talk about organizational culture within direct sales. I interpret how they describe potential challenges they might see when it comes to organizational culture within direct sales teams, what the potential solutions to those challenges might be, and what the leaders see as essential when it comes to shaping and creating cultures within direct sales. This epistemological standpoint makes me an interpretivist (Bryman, 2016).

## Methods of data collection

For my methods of data collection I used publicly available videos and podcasts with leaders in direct sales talking about organizational culture within direct sales. The videos and podcasts used for this study are all available on YouTube or many common podcast platforms. Many

leaders in direct sales use YouTube and podcasts to share their knowledge of direct sales or as a tool in their social media marketing strategy in order to attract new customers and business partners. It is common for leaders in direct sales to re-post content from other social media platforms on YouTube and on podcast platforms, which in some sense turns them into hubs and make them ideal platforms for me to find videos and podcasts which are relevant for this study. The benefits of using videos and podcasts like these is that I was able to gain knowledge from leaders within the space that I am not personally connected to and get answers to questions that I hadn't thought about myself.

I selected a total of 10 videos and podcast episodes where experienced leaders within direct sales talk about organizational culture in direct sales. The leaders all have between 10 and 43 years of experience within direct sales and have created direct sales organizations with customer bases ranging from 20,000 - 300,000 customers and distributors. Some of the leaders have also been company owners and CEOs in publicly traded direct sales companies and more than half of them have created coaching businesses separate from the direct sales business where they coach leaders from other companies. I chose these particular videos and podcast episodes based on two criteria. First, because the leaders in the videos all have created large organizations within direct sales. Second, they all seem to really be aware of and care about the importance of organizational culture within direct sales teams and share their thoughts about this in these particular videos and podcast episodes. I found the videos by searching on Google and using the search terms "network marketing culture" or "direct sales culture" and combined that with the names of the different leaders. I started out by finding three videos with leaders I already knew about. These videos and the Google searches led me to the rest of the videos and podcast episodes. As mentioned, some of the leaders in these videos and podcast episodes I already knew about while others were new to me. I verified that all of the leaders matched the description above by researching their background on their social media profiles, direct sales news sites, and direct sales events they have spoken at.

Four of the videos and podcast interviews are one-on-one semi-structured interviews where the interviewer first asks about the interviewees story in direct sales and then guides the interview towards organizational culture and leadership. Both the interviewees and the interviewer in each of the four interviews are leaders with direct sales who fit the description above. The interviewers were verified the same way as the interviewees. One video is a semi-structured, and almost loosely structured conversational style focus group interview with one interviewer and two interviewees. This focus group interview started out with the same format as the semi-structured interviews, where the interviewer asked each of the interviewees

about their story and experience with organizational culture within direct sales. After that it seemed very loosely structured with one question leading to the next and then turning into a conversation where the interviewees also asked the interviewer questions. Despite being so loosely structured the conversation kept revolving around organizational culture within direct sales teams. As opposed to the one-on-one interviews where the interviewer and the interviewee aren't in the same company, then the three people in the focus group interview are all in the same company and in the same team. This resulted in the interview describing some more intimate situations where everyone knew each other very well and therefore were able to ask more delicate questions and get deeper into the topic of organizational culture within direct sales teams. The last five videos and podcast episodes were prepared presentations, either conducted as video presentations or presentations performed and recorded at a live event with thousands of attendees. In these five videos and podcasts it is only one person speaking about organizational culture and leadership within direct sales. Only in one of the videos did the speaker use slides to support her speech but they were only displaying headlines to the particular topic she was talking about and were thus insignificant to the data. The headlines were only included in the transcription if the speaker read them out loud.

This mix of videos brought both width and depth to the data collection as the semi-structured interviews gave the interviewees the flexibility to go off on a tangent and provide rich insights into how they view the world (Bryman, 2008) and the topic of organizational culture within direct sales. The focus group interview with the three leaders from the same company and team described multiple situations within their team in a very rich, deep, and nuanced manner and showed how they collectively make sense of (Bryman, 2008) organizational culture within their team and within direct sales in general. The five one-person presentations all highlighted different aspects of organizational culture within direct sales. Each of them covered their particular aspects of organizational culture in depth, but on a significantly less personal level than the semi-structured interviews and the focus group interview. The duration of the videos and podcasts ranged from 9 minutes to 85 minutes and the total amount of video and podcast data is 9 hours and 24 minutes.

For the YouTube videos I used YouTube's automatic transcription service as the transcription was readily available and seemed to be very accurate. For the podcast episodes I used Microsoft Word's voice dictation tool which seemed to be a little less accurate than YouTube's transcription service, but still good. The YouTube transcriptions came in a spreadsheet format with timestamps and were transferred to Google Sheets which, after a little preprocessing, gave a good overview. As the transcriptions from YouTube came in a single

column with the first row showing a timestamp, the next row showing a sentence, the third row showing a timestamp and so forth the preprocessing consisted of splitting the timestamps and the text into separate columns by using the filter function in Google Sheets. The transcription from the podcast episodes were transferred directly from Microsoft Word to Google Docs. This resulted in approximately 115 pages of single spaced transcripts. It could be a few pages more or less as the number of pages of the YouTube transcriptions, which are saved in Google Sheets format, are an estimate based on the length of the video when compared to the length of the podcast episodes, which transcripts were saved in Google Docs format. I watched and listened to each video and podcast episode multiple times and corrected any obvious and significant error in the transcriptions.

## Methods of data analysis

I analysed the transcripts through a process of reflexive thematic analysis based on Braun and Clarke's (2006) ideas. They describe reflexive thematic analysis as "a method for identifying, analyzing, and reporting patterns (themes) within data. It minimally organizes and describes your data in (rich) detail. However, frequently it goes further than this, and interprets various aspects of the research topic" (p. 79). Furthermore, to the notion of interpretation Braun and Clarke (2006) adds that thematic analysis adds some deep thinking about the implication of the patterns and their meaning and that it values "researcher subjectivity as not just valid but a resource" (Braun et al., 2019, p. 848). Thematic analysis is a good approach when trying to find out about people's views, opinions, values, experiences, understandings, and meanings (Braun & Clarke, 2006). Thematic analysis can be seen as an umbrella term for analyzing qualitative data which focuses on exploring patterns of meaning across the collected data which will be developed into and presented as themes. The development of themes involves rigorous data familiarization and the process of coding the data and categorizing the codes and forces the researcher to have a structured approach to handling the data (King, 2004). Each theme should capture a central concept, an idea, or a convincing story in the dataset that addresses the research question (Braun & Clarke, 2006, p. 82). As the qualitative approaches of this thesis is grounded in social construction and interpretivism, the reflexivity and flexibility of this process along with its focus on researcher subjectivity as a resource makes reflexive thematic analysis an appropriate method for this analysis.

Inspired by Braun and Clarke's (2006) reflexive approach to thematic analysis I engaged in these four steps in order to develop themes that addresses the problem formulation:

The first step, according to Braun and Clarke (2006) is to become familiarized with the data. I read and re-read the data in order to become intimately familiarized with it. During the familiarization process I also played each video multiple times while following along in the transcripts. As a part of this first step in the process I took notes on initial observations and insights as they appeared.

The second step is to identify codes that describe the data in detail (Braun & Clarke, 2006). In this step the entire dataset was being coded. This was done in order to break the data into more digestible chunks and reduce the amount of information in each chunk. Coding is the first real systematic part of the data analysis process. You can think of codes as a label or analytic entity that describes and sums up what a particular sentence or paragraph is about. The aim with the coding process is to get a deeper understanding of the data. I used both semantic and latent codes in this process. Semantic codes describes a more surface level meaning of the data and latent codes captures underlying assumptions and meanings in the data. A good code is a code that helped me understand the data and which made sense to me. As I engaged in the coding process I didn't have any preconceived codes, which mean my codes were grounded in the data, thus making my research approach inductive.

The third step, according to Braun and Clarke (2006) is to organize the codes into broader categories. Here I went from a micro perspective on the code level and reviewed and organized the different codes that were related to each other, through their content or meaning, into categories, and thus started to zoom out and moved to a more macro level. I paid attention to commonalities and differences in the way that people said things, along with any contradictions that emerged.

The fourth step is to develop themes (Braun & Clarke, 2006). I developed the themes based on the categories by reviewing them and once again paying attention to commonalities, differences, and contradictions. The themes are patterns in the data that demonstrate a central concept, an idea, or a convincing story that addresses the research question. As part of this final step each theme as given an informative name.

It is important to note that these steps weren't a linear process, but a messy, creative, interpretive, frustrating, and complex process of reflexivity as I move back and forth between the different steps multiple times. By engaging in this reflexive process I ended up with themes that address and answer the problem formulation. Braun and Clarke (2006) emphasize that themes do not passively emerge from the data, but that they are actively generated by me as a researcher when I engage with the data in the process outlined above.

During the analysis, and when presenting my findings I only distinguish lightly between the different transcripts and call them either interviews, focus group interview, or video presentation transcripts. When referring to what the different persons are saying or expressing in the transcripts I refer to them as either interviewee, interviewer, or leader. I don't distinguish between the different interviewees, interviewers, and leaders with in the different transcripts.

## Findings

After doing the analysis loads of things came up. Specifically related to organizational culture in direct sales teams, seven themes appeared salient. The seven themes have been given the following names:

1. The importance of culture in direct sales
2. Not talking enough about culture
3. Not seeing, only hearing
4. A transactional mindset in a relationship business
5. Different levels of desire
6. Expectations in a voluntary army
7. Setting boundaries

In the following section I will show the themes and comment on them based on the literature review. The first theme I will present shows the importance of organizational culture in direct sales team as it emerged in the transcripts.

### The importance of organizational culture in direct sales

The importance of organizational culture within direct sales emerged on multiple occasions in the interview transcripts and is pointed out in quotes like these: "Team culture is literally the X-factor if you want to build a network marketing business long term" and "If it wasn't for our culture I don't think we'd all be here together today". In the interview with two interviewers and one interviewee, one of the interviewers asks: "It's great to be able to create that kind of camaraderie and that culture within your team and your organization isn't it?" to which the interviewee, a leader with more than 43 years of experience who have been building the same team with the same company for 22 years answers:



“It's the most important. It's what I call creating the sticky stuff. Yeah, the sticky stuff. When you create relationships with your people they'll stay with you forever. I mean it would be unthinkable that they would ever want to move on because you've created so much sticky stuff. We know one another so well - that's the reason why I still have a team after 22 years now.”

This quote shows how people stay in a team because of the culture and the relationships. Examples of how culture can be seen as the “sticky stuff” that keeps an organization together is further pointed out in the focus group interview where the interviewer sums up how the culture that one of the interviewee's had co-created in her team kept them together: “She went through some tough stuff but it was the culture that her team had that kept them together”. In that focus group interview the interviewer further comes to the conclusion that:

“... [Team culture] is literally the X-factor if you want to build a [direct sales] business long term. It's everything because there's going to be ups and downs, there's going to be trying times, there's going to be adversity but if you have good culture within your organization, if you've got leadership in place, if you've got tools and systems, if there's relationships, then people will push through those tough times they'll persevere.”

Before commenting on this quote I want to look at this next quote from the transcripts from one of the presentations. It also shows that culture is a huge part of a direct sales business and that culture is starting to take shape once people start organizing and building relationships:

“Culture is a huge part of what you're trying to accomplish because you're interested in building something for the long term. Even if you're just getting started you have to understand that the minute you start sponsoring you're leading and shaping your culture.”

So now culture has been described as “the most important”, as “the sticky stuff” and as “the X-factor” and “a huge part of what you're trying to accomplish” when building a direct sales team, but leadership, tools and systems, and relationships are also mentioned as being important. I will go more in depth with each of those topics later, but for now I want to stick with

the idea that culture is being co-created and shaped once a distributor starts to build his or her team. A distributor may not focus on culture right from the beginning, but as one of the interviewee's said: "culture is happening whether you are determining what it's going to be or if somebody else is". It can be discussed to which extent a culture can "be determined" by a leader, but a team culture is being shaped no matter if you take deliberate actions to do so or not. The same interviewee continues to explain that "great culture doesn't happen by accident. If you let it happen by accident your culture will erode from the bottom up". To avoid this she suggests that a team should be "purposeful about its culture" and that a first step to being so could be to "define what you want your team values to look like" which requires that you talk and communicate about your culture. This was also pointed out by another leader who mentioned that "In order to build a culture you need to talk about the thing that you want as the culture" and "if you are not talking about your culture, people don't realize it is important".

This theme shows that organizational culture really matters and that it starts to take form once the process of organizing and sensemaking begins, which confirms Weick's (1995) ideas on sensemaking and organizing.

## Not talking enough about culture

Two leaders with more than 20 years of experience independently express that "Team culture is something that we probably don't talk about enough" and that "your culture is serving the emotional needs of people. It's the community aspect and is a big part of our business, even though it's not the thing you talk about" which shows that according to them organizational culture isn't talked about enough in direct sales teams. One of the reasons why culture may not be talked about enough could be because of a lack of what one of the interviewee's call "a platform for the community". Here he refers to a platform for getting together and says "there needs to be a gathering, there needs to be a sharing component, there needs to be the belonging, and the attachment of the people" which creates this community aspect and serves emotional needs for people. He continues to explain that this platform can be both online or offline or a hybrid method, but there needs to be a platform for getting together. If this platform isn't present then it is difficult to talk about culture and take action to shape it in a desired direction. Another leader who is building a coaching business which is separate from her network marketing business says that: "In my coaching practice I work with a lot of six and seven figure earners in network marketing that not only don't have a system...", where I interpret that she basically refers to "system" the same way as "platform" is described above.

She then continues the same sentence and says "... but they have zero culture and the problem is they don't know that they don't have culture in their teams". The terms "zero culture" and "don't have culture" are both questionable, but when she says this I interpret it as a culture with low engagement, that does not serve emotional needs, and which does not create a sense of belonging. The interesting part is not so much how she describes this, but the fact that these leaders don't know and are unaware of the state of the culture in their teams, which could be a result of them not talking enough about their culture.

If culture is the X-factor and is of such importance to the success of a direct sales business, and it begins take form from the day a distributor starts building a team, and that culture is shaped no matter if people take deliberate actions to do so or not, and that many leaders are unaware of the state of the culture in their teams, then I see it as a challenge that there isn't enough focus on culture and that culture isn't talked about enough. If a team doesn't talk enough about its culture and if it doesn't have a platform where they can gather and communicate and interact, then I would argue that it becomes harder to shape the culture in a direction that supports the team. The reason why this probably would happen is that they can't communicate and can't take actions to shape the culture and enact it in practice as Keyton (2005) explains is needed in order to constitute culture. However, despite this theme searching for more talk about culture it is important to remember the "espoused values cannot create culture, only enacted values can" (Keyton, 2005, p. 73).

## Not seeing, only hearing

It is easy to talk about building a direct sales business but it is hard to actually do it. Three different leaders express that in these three quotes: "It's extremely difficult to build this business", "this business is so tough and there's still times where you just want to pull your hair out", and "It's a simple business but it's a tremendous amount of hard work". The same goes for building a culture that drives business growth, where team members are happy, and where everybody is growing personally and growing their business. A leader that has achieved that with his team says that "creating that type of culture is not easy but man once it gets going it's the most amazing feeling in the world". The work with sponsoring, recruiting and showing potential customers and distributors the products and the opportunity remains the same, which in multiple transcripts is referred to as the "income producing activities". What tends to happen is that once a distributor reaches a certain amount of income he or she tends to slow down on the work and "income producing activities" and rely on the recurring income that the business

provides. One interviewee described this as “you're just not gonna work like you did before you when you were really launching your business off the ground”. This means that this distributor isn't adding the same amount of new distributors and customers anymore. One of the interviewees describe it this way:

“Your team needs to see you putting people into the business personally. They need to see that to have the belief that they can do it themselves. You may be the best motivational speaker in the world, but if you're not personally producing, but just talking about it, your team is not going to have a lot of belief, because they're not seeing it they're only hearing it”

It is an issue that leaders and more experienced distributors talk about building the business and tell their team to do the income producing activities in order to achieve what they want to achieve with the business, but then not doing it themselves, like the quote above shows. This is what the interviewee referred to as “not seeing, only hearing”. The team is only hearing the leaders talk about doing the “income producing activities” that actually builds the business, but they are not seeing the leaders actually do it. Thus, the focus of both the leaders and the team moves away from the “income producing activities” that builds the business. This could mean that the growth of the business stops, the team loses belief in the business and may potentially quit the business and leave the team.

## A transactional mindset in a relationship business

Income producing activities can easily end up sounding transactional. When the importance of culture in direct sales team was shown above, relationships were highlighted as being almost just as important. As most compensation plans only pay out a commission once a product has been sold and an actual transaction of money has happened, it can easily happen that a distributor or a team shifts its focus from a relational mindset to a transactional mindset. One of the interviewee's mentioned “it is not about you and you trying to get sale”, which I interpret as, it is not about the transaction. Later, the same interviewee said that “it is about finding out what they want, and seeing if there's a way they can get it with you, and when that happens then you create magic and you establish a relationship that you can build upon”, which does highlight the relational focus of a direct sales business.

A transactional mindset can be seen when the distributor is trying to build a team and a customer base and is focusing on getting a sale instead of seeing if the person has any problem or issues that he or she actually wants help solving and that the distributor has a solution for and can help with. This is what one interviewee calls “sales mode” and describes it as “talking to people instead of asking questions”. The interviewee describes that when a distributor is in “sales mode” and is merely “talking to people” and explaining how great their product or opportunity is with the aim to sign up that person then they will likely encounter a lot of people saying no, a lot of rejection, and a lot of frustration. That is how one of the interviewees described their first two years in direct sales with a transactional mindset. He said that: “I reached a point of frustration after my first two years of failure that I said not everything is for everybody, this isn't for me, I'm gonna leave”. He explains how one of his mentors said: “I know you misunderstand the profession because you think it's about you”, and continues to explain that it wasn't until he understood that it was about asking the right questions and learning what he calls “the art of conversation and creating connection” and thereby shifting to a relational focus and mindset that he made the business work for him. The idea of the business being relational and the importance of relationships, which earlier was referred to as “the sticky stuff” also becomes important when it comes to keeping a customer. One of the leaders explains it this way:

“In network marketing if you follow the road map properly, you have people that love the products they buy every single month - if they have a good experience. A mistake a lot of people make is to think that the product just has to be good - well, that doesn't guarantee a good product experience. For a customer to have a good product experience they have to know how to use the product right, and if they don't, they will get wrong impressions about products that can be traced back to user error.”

She continues to explain that this is where the relational aspect towards customers comes in:

“If they didn't have somebody making sure they use the product properly, if they didn't have somebody making sure that their entire experience, which means cheering them on, checking on them, plugging them into systems and communities, then they would have a greater chance of not having a good experience.”

She explains that if you have a transactional mindset you will most likely not be able to make a sustainable customer base and will continuously have to look for new customers:

”The strongest thing the network marketing has going for it is the relationship aspects and that's what people forget about when they move into transactional behavior which is a lot of one-time-sales and playing a chase-and-replace game, always having to look for new people.”

Finally she says that the reason for direct sales companies to have distributors is for them to build relationships which this quote shows: “If it really was transactional the companies wouldn't need us not at all”.

By analyzing the different video transcripts it becomes apparent that it is easy for any distributor to have his or her mindset and focus drawn towards the transactional. In one of the presentations a leader explained how it is important that you “score in 24”, meaning that a new distributor should aim to sign up a customer or start their team within the first 24 hours for them to increase their belief in the business and to increase the likelihood of them becoming successful in their business. Of course this can be done with a relational mindset, but the self-imposed time pressure would probably draw the new distributor's actions towards the transactional. Another leader pointed out that a compensation plan which only pays out commission once a sale has been made, no matter if it is a single purchase or a subscription sale, fosters “a culture based on results”. This does create some tension as certain aspects of the business could seem transactional where they apparently should be seen as relational instead. One of the interviewees described that tension with the following quote: “People aren't numbers, but it is a numbers game”. The challenge here is that if distributors don't have a relational mindset and aren't able to make the shift from a transactional mindset to a relational mindset then it seems unlikely that they will be able to build a successful business. There seems to be a fine line between the a relational and transactional mindset and approach and both of them could probably be seen as manipulative depending what both the distributor and the other person(s) gets from their sensemaking process (Weick, 1995) and how they affect each other.

If a team and a company isn't able to help their distributors understand the importance of a relational mindset and help them attain it, then they will most likely end up with a culture that is drawn towards being transactional and thus decreasing the chance of growth for the team and the company.

## Different levels of desire

Multiple leaders expressed the idea that within a direct sales team different people have different levels of desire. One leader gave an example of having different levels of desire in the context of working out at a gym and said that “not everyone who works out wants to become a bodybuilder”. In the context of direct sales team he divided it into three groups consisting of “80%, 15% and 5% of the people”. He described that “80% of people have the desire to make 0 - 500 dollars a month, 15% have the desire to make 2000 - 3000 dollars a month, and 5% have the desire to make 25.000 dollars a month or more”. This is the desired result that they want to achieve expressed in a monetary term and not what they are making now. I see the division between the 80%, 15%, and 5% as mere representation. When talking about the 5% one interviewee said that “I believe it's probably less than 1%”. Other leaders described the same principle but with 90% and 10%, but the idea is that there is a small group of people in a team that have the greatest desire for growth and for the sake of simplicity I will stick with the concept of 80%, 15%, and 5%. Going back to the example with the bodybuilder the leader explained “that not everyone may have the desire to compete in a bodybuilding show, but a lot of people may have the desire to work out at the gym for other reasons than winning a bodybuilding show”. Thus, you have different people with different levels of desire in the same organization or team. In the focus group interview the different levels of desires were expressed in another way. One of the interviewees said that:

“This business is so individualized to the point where all some people want is to be able to pay for diapers at the end of the month. That's why they get into this. Whether you want to make money for diapers or whether you want to go all the way there's a home for you.”

The issue in direct sales seems to arise as many leaders often only speak the language of the 5% who want to go all the way as expressed in multiple interviews. They talk about the large income, the freedom that comes with it, and the actions and the amount of work it requires to build that kind of business. Often they either don't understand, don't acknowledge or don't pay attention to the fact that people can have a desire to make less than that, that people can be happy making an extra few hundred dollars a month or even happy about not making an income and just being part of the community. One leader, who clearly identifies as a 5%'er said that he had a hard time learning this and describes his thinking during that period of time where he was

aiming to make 25.000 dollars a month or more like this: “I thought, well that's what everyone wants, right? Doesn't everybody in the entire team wanna make this kind of money? Why wouldn't they? I don't understand it”.

Without the 80% and the 15% of distributors the 5% would have an extremely hard time creating an income that gets anywhere close to 25.000 dollars or above. In order for the 5%'ers to achieve this, their most important job is to create a culture and an environment where the 80% and the 15% want to stay. In one of the videos a leader described that as “keeping people around the campfire”, and says that the campfire is “you as a leader, the fire is being around other leaders, the fire is your conventions or your events, the fire is all the things that make up being a part of of your amazing team”. He continues to describe the strategic use of culture as a tool by saying “culture is what will accomplish the number one thing you want to accomplish. Culture isn't what you want to accomplish, but culture will lead you to what you want to accomplish”. What happens as the 80% and the 15% don't identify with the desire and the effort of the 5%'ers is that “people remove themselves from the fire when they feel they don't belong there”. Thus, as another interviewee expressed: “teams will start eroding and falling apart if you don't understand that people can have different levels of desire”. She continued that people can “move and migrate” between the different levels of desire and at one point in their career be an 80%'er and if they stay around the fire long enough maybe develop the desire to be a 15%'er or a 5%'er which highlights another important aspect of keeping people around the campfire. She gives her own journey as an example and says: “When I started in network marketing, like many people, all I wanted was to pay down my line of credit. The only reason was I wanted to pay 500 dollars towards my credit every month” and now she is making multiple six figures. However, she points out that people will experience different seasons during their direct sales career and said “there are seasons where you grow and seasons where you sow”. If you are a 5%'er you have a desire to grow your business which means you are in a growth season, but it might change later. She shows this by saying: “Is it always going to be a growth season? No. It's just a growth season now”

If a team and the communication within a team only appeals to the 5%'ers, and if the flames of that campfire only shines with the light of a 5%'er it would probably make a lot of people remove themselves from it, and thus remove themselves from the team. This idea of the 80%, 15% and 5% shows an example of identity and identification as described by Larson and Gill, (2017), and how it shapes the behavior and the culture of the team. As identity shapes culture this could also be explained as the three groups of people with different desires are three subcultures with “competing assumptions and values” (Keyton, 2005, p. 37).



This means that not understanding that people can have different levels of desire, and not understanding the importance of creating a culture and a community that makes 95% of an organization want to stay around the fire, is a challenge. In a transcript in one of the video presentations a leader mentions that even though people's level of desire can change "it can never be forced". In fact leaders can't force anything in direct sales business as they are leading a volunteer army. Next I show the different aspects and challenges that arise from working with a volunteer army.

## Expectations in a volunteer army

In one of the transcripts of a video presentation a leader described leading a direct sales team as "leading a volunteer army that doesn't work for you". A key point to understand is that when distributors sign up, they only say yes to become a distributor, but they never actually say a definite yes or guarantee to do any work related to building a direct sales business. Many might have the intention to do so in order to achieve certain goals through their direct sales business, but it is important to know that just because a distributor signed up to be a distributor they never signed a contract to do any work. Thus, they can not be treated as employees.

A challenge that was expressed in multiple transcripts revolved around expectations. It doesn't seem to contribute to a productive and positive culture when leaders have expectations for distributors on their team. This could be expectations of the amount of income producing activities they do and which events they show up to. In the following quote one of the interviewees in the focus group interview expressed his attitude before he understood that he was leading a volunteer army. He said that:

"Back in the day I used to get on leaders that didn't come to the Saturday training, saying things like: where were you this morning? We got to have a serious conversation. I'm there to help you with your business and you're not there. It doesn't look good"

This shows that the leader had expectations of that particular distributor showing up at that specific event or else it wouldn't look good to the rest of the team. Not only are expectations an issue in relation to showing up at events, but always when it comes to leaders expecting a certain amount of income producing activities from their distributors. This next quote, also from the focus group interview, shows this issue expressed by one of the interviewees. She had been

involved with other companies before joining the interviewer in the focus group and becoming a part of his team. She said that following:

“On the last day of the first month I was waiting for you to text me and ask me what my numbers were going to be. You didn't do it in the first month, and then I was waiting for the second month, and I said to my husband; he's not asking me about my volume. I was so conditioned to that and I was always thinking that I was never doing enough. Constantly waiting for that message: So where do you think you're going to end the month?”

Despite showing that the interviewer in the period between the two quotes had grown as a leader, as he no longer was expressing his expectations towards his team, it also shows that if a leader does express expectations that the distributor doesn't meet, then it can result in the distributor thinking that they aren't doing enough. The same interviewee from the focus group later said how this previously made her feel “less than”, “not good enough”, and “not worthy enough” which was part of the reasons she quit her previous direct sales companies. This shows how expressed expectations in direct sales can lead to people walking if it makes them feel bad.

Another interesting aspect of expectations emerged showed that unexpressed expectations can have the exact same effect. An interviewee from the focus group interview explains it this way: “It's an energy thing. I remember being part of teams and environments where you didn't have to say anything to me, I just knew you were disappointed in me”. She refers to the situation with the distributor not showing up for the Saturday training and says:

“You didn't have to even ask me; why weren't you there? Your energy told me that you were upset, that I wasn't there. Energy has a sound, energy is palpable. You might not say one word, you might be thinking that you aren't rude to anyone, that you welcome everybody, that you are nice to your team but actually exude disappointment.”

This shows that expectations and disappointment, if the expectations aren't met, can be felt even if they haven't been expressed verbally or physically. In the focus group the three people concluded that the antidote to expectation is appreciation. One of the interviewees said:

“Make sure that your teammates feel appreciated by you, that they never feel bad based on the season they're in, that they never feel bad if they're not producing what they said they were going to produce, or that they're not where they want to be. If people don't feel appreciated, if they don't feel wanted, if they feel shame, that's when you see teams eroding and falling apart.”

The interviewee finalizes her point by saying: “Let them know that you appreciate them and that you have zero expectations. The minute you can release expectations you... set yourself up for longevity in this business”. According to her, if leaders can appreciation rather than expectations then they will have a greater chance of building a successful long term direct sales business.

Thus, it is a challenge if leaders don't recognize that they are leading a volunteer army and mix up being a leader in a direct sales business with being a leader that has employees, then they might make their team want to leave. This can happen when a leader in a direct sales business expects certain performances or outcomes from their team, as the leader isn't in a position to have these expectations. What happens if these expectations go unmet is that the leader might “exude disappointment” that can make the team feel unwanted and unwelcome resulting in them making the decision to leave the team, as expressed by one interviewee.

This issue with expectation in a volunteer army could be connected with Fairhurst and Connoughton's (2014) idea of leadership being both transmission centered and meaning centered with the leader in this situation only focusing on transmission of his message, which in this case is expectations, but not being away of meanings that the other person creates around this. It could also be connected to their idea of leadership being relational and not focusing on the leader or the follower. In the given example the leader's focus is only on the leader himself, as it is the leader who have expectations towards the distributor. Thus, the leader is not focusing on the relationship between them

Closely related to the topic of leading a volunteer army is that of leaders and teams setting boundaries for when, where, and how they want to build their business and how it is going to connect and interfere with their personal life. If boundaries aren't being set it can lead to burnout that results in leaders and distributors leaving a direct sales business.

## Setting boundaries

Setting boundaries while building a direct sales business presented itself as another challenge. One leader described that because of the nature of the business, that it can be built anywhere

and anytime, and because you often work with a team that does the same, who all strive towards reaching personal and team goals it can be hard to keep it separate from everything else going on in your life. That particular leader describes that when stepping away from the business to spend time with family “there’s often all these emotions that come with it like guilt and shame” because you can’t be there for your team. The opposite situation emerged as well. Another leader described how she wasn’t able to be present with her newly adopted baby because of her business:

“I remember when I adopted my baby. We were in China and it was mid-month, I was sitting on the floor of the hotel room holding a crying baby while I was sending messages, while I was helping my leaders and helping my team, and I couldn’t even be 100% present with this toddler who didn’t even know me, who’s world I just turned upside down.”

This situation of feeling guilt and shame, both when stepping away from the business and when sacrificing family time to build the business is clearly undesirable and not sustainable in the long run. As already mentioned it requires a lot of hard work to build a successful business in direct sales. Two leaders shared how this has been preached through the use of 5%-language by saying: “in a previous company I was in it was encouraged to sacrifice everything to build the business” and “keep putting in 50, 60, 70 hours a week”. One interviewee shares how she recognized these patterns and decided to set boundaries in her business, and how her team recognized that:

“I decided for my faith, for my family, and for myself, Friday nights was going to be a non-negotiable. My phone got turned off and I wasn’t turning it back on until Saturday night. That was my full day away from work, away from messages, away from everything. I just started to do it and I let people know that this is what’s happening, and then people started to know that I was unavailable these days.”

Then by doing that and letting that be the norm it started to become a part of the culture in their team: “Many people, both in my team and other teams, have shared with me how putting those boundaries up around their life and around their priorities have positively impacted them.” The interviewer recognizes that the interviewee is “creating a culture where it isn’t just about hustling

24/7” which the interviewee acknowledged. The same interviewee continues to explain how she had felt overwhelmed and burnt out in a previous company and how she doesn’t want her team to go through the same experiences:

“I don't want my team to ever feel burned out. I don't want to set this unrealistic expectation of what leadership looks like and then see some of my best friends burn out and never want to be in this industry again.”

If distributors aren’t setting boundaries between their direct sales business and the rest of their business it may result in challenges like feeling guilt and shame for not being able to be present with both the family during family time and with the team in the business during business hours. Because of the nature of the business and the amount of work it requires it seems like there is a risk of burn out that could lead to distributors leaving both a direct sales team and the direct sales industry and never wanting to be part of the industry again.

This example show how a leader started to shape a team culture through her actions of setting boundaries between her business and the rest of her life, which can be connected to both Fairhurst and Connoughton’s (2014) and Alvesson’s (2011) ideas on leadership. However, this does contradicts Keyton’s (2005, p. 35) idea of organizational culture can’t be a result of just one organizational member.

## Discussion

With this study I set out to identify the biggest challenges when it comes to creating organizational culture in direct sales teams. I will begin this discussion section with answering the problemformulation based on what I reviewed in the findings section and then discuss how it is relevant to those interested in direct sales and to those interested in CCO, culture, identity, and leadership.

### Challenges to creating organizational culture in a direct sales team

The findings section presented seven themes which all present issue or challenges in relation to creating organizational culture within direct sales teams. Out of the seven themes, six of them present the following challenges:

1) *Not talking enough about culture:* Despite being called the most important, culture is not always in focus. The first challenge is that leaders and teams don't talk enough about their team culture and what they want it to look like and that they don't have a platform to do so. As teams don't talk enough about culture it would probably make it harder to shape the culture in a desired direction. Now, talk is not enough to shape the culture in it self, but it is a start to communicating that culture is important and that both leaders and distributors should focus on creating a culture that is desirable.

2) *Not seeing, only hearing:* The second challenge is that despite the most important action in direct sales being to sponsor and recruit new customers and distributors, direct sales teams don't always see their leaders do that. This could stop the growth of the team, and result in distributors losing belief in the business and ultimately leaving the team

3) *A transactional mindset in a relationship business:* The third challenge is that even though relationships and a relational mindset was shown to be almost as important as organizational culture, new distributors tend to be drawn towards a transactional mindset. If they don't switch their mindset to a relational mindset, then it is unlikely that they will be successful. If this becomes part of the culture in a direct sales team and company, then it is also unlikely that they will be succesful, given the relational nature of the direct sales industry.

4) *Different levels of desire:* The fourth challenge arises if an understanding of the different desire levels within a direct sales isn't present. If that is the case then there is a risk that 95% of a direct sales team wouldn't feel part of the team because of how the 5% talks. As a result of not feeling that they are a part of the team there is a great chance that they would leave the team.

5) *Expectations in a volunteer army:* The fifth challenge emerges if direct sales leaders aren't aware that they are leading a voluntary army and that they should have expectations towards the number of events a distributor should participate in and the amount of work he or she should do. This is a distinction between leading employees and leading direct sales distributors and if the direct sales leader doesn't understand this, then this also poses a risk og the distributors not feeling welcome and thus choosing to leave the team.

6) *Setting boundaries:* The sixth challenge is setting boundaries. The nature of the direct sales business model and distributors being able to conduct their business anywhere and anytime creates a challenge of setting boundaries between the business and the rest of the distributor's life. If this isn't done then there is a risk of the distributor continuously feeling shame and guilt for not being able to be present with either their family or their direct sales team, and there is even

the risk of the distributor feeling burnt out and choosing to leave the team and the industry because of that.

Which one of these is the biggest challenge is hard to say and would probably depend on the on the specific team and its current situation, but as all of the challenges revolve around communication the biggest challenge when it comes to creating organizational culture within direct sales teams is communication.

## Contribution to direct sales

This study is useful to those interested in direct sales as it not only shows that organizational culture is important but also that communication is important as each of the mentioned challenges revolves around communication. The study shows the importance of setting and communicating boundaries, of communicating around how a team feels about expectations and if there should be any. It shows the importance of appreciating the team and respecting different desires and finally that if a team wants to shape their culture then they are encouraged to communicate about it but first and foremost perform the actions that shapes the culture.

## Contribution to the literature

This study contributes to those interested in communication, culture, identity, and leadership as it shows how they all are interconnected and as it confirms that communication does constitute organization and culture. I used Weick's (1995) ideas on sensemaking an organizing to show how culture starts to take form once the process of organizing starts. Larson and Gill's ideas on identity and identification allowed me to show how the challenge with the three different levels of desires can shape the culture with a team, and Keyton's ideas on "competing assumptions and values" (2005, p. 37) gave me the opportunity to show that it actually might have been a question of three different subcultures. I also used Keyton's idea of only enacted, and not espoused values being able to create culture (Keyton, 2005, p. 73). as I questioned if direct sales not talking enough about the culture really was a challenge.

Through the issue with expectations I used Fairhurst and Connoughton's (2014) ideas on leadership to demonstrate how a leader's focus transmission of a message rather meaning-creation, and how the leader only focusing on himself rather than the relation, could cause problems. Finally both Fairhurst and Connoughton's (2014) and Alvesson's (2011) ideas on leadership were used to show how a leader started to shape team culture by setting

boundaries. However, this does contradict Keyton's (2005, p. 35) idea of organizational culture can't be a result of just one organizational member.

## Conclusion

This study showed six challenges related to creating culture within direct sales teams. These six challenges were: 1) *Not talking enough about culture*: Showing that direct sales teams don't talk enough about culture and don't have a platform to do so. 2) *Not seeing, only hearing*: Which showed that it is a challenge if leaders stop their income producing activities while telling their teams to still do them. 3) *A transactional mindset in a relationship business*: That showed that it is a challenge in direct sales if a distributor focuses on the transaction rather than the relation. 4) *Different levels of desire*: Which shows that if leaders don't understand and respect that different distributors can have different levels of desires then their team might want to leave. 5) *Expectations in a volunteer army*: This showed that expectations within direct sales teams easily can great disappointment which potentially also can result in distributors leaving the team. 6) *Setting boundaries*: This showed that if direct sales leaders and teams don't set boundaries between their business and the rest of the their life, then this is also a potential risk that can result in distributors leaving direct sales teams.

All of these challenges revolve around communication and which drives me to the conclusion that communication is the biggest challenge when it comes to creating organizational culture within a direct sales team.



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