

An Exploratory Study Of Environmental Turbulence Moderates The Influence Of Important Factors On Sustainable Business Growth: Empirical Evidence From Indonesian Multi-Level Marketing Company

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ABSTRACT

The purpose of this research is to investigate the factors that promote MLM business growth in Indonesia, such as Partner Development Orientation (PDO), Digital Adoption Capability (DAC), and Strategic Agility. Furthermore, this researcher employs environmental turbulence moderating variables in order to confirm the positive moderating effect on long-term MLM business growth. This study employs a quantitative descriptive-explanatory approach, specifically using descriptive statistical analysis methods and multivariate analysis of variance-based SEM. While data is gathered through the distribution of online questionnaires to 319 MLM companies as a population. Following the selection stage, the results of the selected respondents' responses were 182 respondents who could be used as data or were valid for further analysis. Based on the findings of the data analysis, this study concludes that the characteristics of the Partner Development Orientation have a negative impact on long-term business growth. Furthermore, strategic agility has not been shown to strengthen the influence of Partner Development Orientation characteristics on the Company's Business Growth. This study also shows that the characteristics of Digital Adoption Capability have a positive effect on Sustainable Business Growth, but it is not statistically significant. Furthermore, strategic agility has not been shown to strengthen the influence of Digital Adoption Capability characteristics on the company's business growth. Furthermore, the characteristics of Strategic Agility have a negative impact on long-term business growth. Environmental Turbulence, on the other hand, has not been shown to strengthen the influence of Strategic Agility characteristics on the Company's Business Growth.

Keywords: Partner Development Orientation, Digital Adoption Capability, Strategic Agility, Sustainable Business Growth, Environment Turbulence, MLM company

INTRODUCTION

Multi-level marketing is a type of sales system in which salespeople become company distributors and can recruit distributors or other salespeople to form marketing groups within the network in

order to earn bonuses and commissions on group collective sales (Koroth & Sarada, 2012) This strategy is also known as Network Marketing, and it is a method of marketing products or services directly from Producers via Direct Sellers or Agents. This system enables

Independent Distributors to deal directly with consumers without the need for shop facilities, kiosks, or permanent locations of business (Keong & Dastane, 2019). Meanwhile, (Jain & Sachdev, 2012) define this method as a marketing strategy used by sellers to sell their products or services directly to consumers or through distributor networks.

According to the World Federation of Direct Selling Associations WFDSA (2020), the MLM Business has experienced a compound annual growth rate of 1.5 percent in the last three years worldwide (from 2016 to 2018). In 2019, this growth was influenced by China's political crisis, which resulted in a -0.3 percent decline. On the other hand, the Asian region dominates the global market share with approximately 44 percent, followed by America with approximately 34 percent, Europe with approximately 21 percent, and Africa and the Middle East with approximately 1 percent. In the same year (2019), there were 119.9 million Direct Selling personnel worldwide, with Asia accounting for 57%, America accounting for 26%, Europe accounting for 12%, and Africa and the Middle East accounting for 5%. Meanwhile, 78 percent of the total global MLM industry sales were generated by the top ten countries, which included the United States, China, Korea, Germany, Japan, Brazil, Malaysia, Mexico, France, and Taiwan.

According to the RI Ministry of Trade report (2020), as of October 2020, 153 Direct Selling Companies had a total national sales transaction of IDR. 16,342,190,981,810 and employed 3,605 people. Furthermore, this business employs up to 6,028,465 direct sellers or independent distributors and generates IDR. 4,820,173,722,811 in additional income for direct sellers or independent distributors (Ministry of Trade of the Republic of Indonesia, 2020).

According to several MLM studies, the more people who join an MLM company and use their products, the greater the MLM company's business volume and is an indicator of an MLM business's success (Krishna P P & Raju G, 2020; Tay & Meng, 2018). In other words, as the number of users of the same product or service increases, so do the benefits that each user derives from the product or service (Biagi, 2013); McGee & Sammut-Bonnici, 2015).

On the other hand, research indicates that the application of the role of strategic business partners by human resources (HR) has a high potential to contribute to the strategic agility required by companies to compete successfully on a global scale (Ananthram & Nankervis, 2013). Meanwhile, MLM companies have no coercive power over their sales force, who are independent freelancers who are not part of formal employees or staff and who can stop working at any time without prior notice (Lee, Lau, & Loi, 2016). The researcher uses the Partner Development Orientation variable, which is more relevant in this study, to examine its potential effect on MLM business growth based on the nature of the MLM business and the various dimensions of HR practice.

According to a survey conducted by the Ministry of Trade of the Republic of Indonesia for franchise and direct sales in 2020, 53% of Direct Sellers offer their services through social media, 41% through chat applications, 5% meet in person, and 1% through seminars (Ministry of Trade of the Republic of Indonesia, 2020). According to previous research, 76 percent of direct sales use social media for promotional purposes, 42 percent use it for reactive purposes, and 55 percent use social media to recruit new distributors (Ferrell, Gonzalez-Padron, & Ferrell, 2010). The third wave of MLM business is relationships. Personal interaction is not exciting without the presence of technology (Herbig & Yelkurm, 1997). Today, the ability to adopt digital technology should be suspected as an important factor in the development of the MLM business.

The effect of Strategic Agility on Company Performance has also been tested in various industries, and several previous studies found that strategic agility did not affect company performance (Khan & Wisner, 2019); (Reed, 2020); Shin et al., 2015). Strategic agility will be tested on the performance of MLM companies in this study to confirm previous study results while also understanding the importance of strategic agility potentially in increasing sustainable MLM business growth.

Although it has received support from the Indonesian government through the Ministry of Trade Regulation, which specifically regulates direct selling and MLM businesses in Indonesia,

periodic regulatory changes cause havoc in the MLM industry. The rapid growth of new MLM companies in Indonesia, as well as technological advancements and market conditions that are currently in shock as a result of the Covid-19 virus pandemic, have created environmental turbulence or have hampered the business development of various industries in Indonesia. Meanwhile, (Mariadass & Choy, n.d.). Stated that even when the economy was in decline, the MLM industry experienced rapid growth. In researching the factors that contribute to the growth of the MLM industry in Indonesia, such as Partner Development Orientation (PDO), Digital Adoption Capability (DAC), and Strategic Agility. Furthermore, this researcher employs environmental turbulence moderating variables in order to confirm the positive moderating effect on long-term MLM business growth.

METHODS

Survey development

This study examines the direct effect of strategic agility on the sustainable business growth of MLM companies using a quantitative approach (Bell, 2022) through descriptive-explanatory (Saunders, Lewis, & Thornhill, 2009). Furthermore, it investigates the impact of partner development orientation and digital adoption capabilities on the long-term business growth of MLM companies, both directly and through strategic agility. As well as testing the capabilities of digital adoption for MLM companies' long-term business growth, both directly and through network externalities.

Furthermore, the survey technique was carried out using a questionnaire administered once in a specific time period without repetition, namely one cross-sectional shoot (Sekaran & Bougie, 2016). While the unit of analysis for this research is an MLM company that is officially registered and has a license to operate in Indonesia, both foreign and domestic companies are represented by top management of the company such as the CEO, General Manager, or Senior Manager who is authorized to make strategic decisions for the company.

Sample

In this study, the population is the top management team of MLM companies, or Top Management Team (TMT) from registered MLM companies with the Ministry of Trade of the Republic of Indonesia, as well as those who join the Indonesian Direct Selling Association (APLI) and the Indonesian Direct Selling Company Association (AP2LI). Each company is represented by one of its top executives. MLM companies that are APLI and AP2LI members will be sent a research questionnaire and asked to respond via email or the internet.

Because the population is known, measured, and has data, this study employs a non-probability sampling method. A purposive sampling approach is used because the researcher has a list of respondent data in the population and can take samples of people (or other elements) directly (Creswell & Creswell, 2017). The researcher will conduct a survey of all MLM companies in Indonesia, totaling 319 MLM companies officially registered with the Ministry of Trade of the Republic of Indonesia, based on the reference to the number of samples using the (Krejcie & Morgan, 1970) and (Creswell & Creswell, 2017) methods.

Data collection

This study relied on both primary and secondary data. Answers to various statements in the questionnaire distributed to selected respondents provided primary data. The questionnaire for each operationalization of the research variable was designed with five alternative answer choices on a Likert scale: 5 for strongly agree (SA), 4 for agree (A), 3 for Neutral (N), 2 for disagree (D), and 1 for strongly disagree (SD). Secondary data is supporting information about research phenomena, such as supporting data for research variables obtained from various sources such as educational books, popular books, online news, research articles from well-known journals, and reports from agencies and organizations related to this research.

Data analysis

This study employs descriptive statistical methods as well as multivariate analysis of variance-based SEM (variance-based SEM). Using the SmartPLS software, the analysis process includes stages such as measuring the

specification of the measurement model and structural model, collecting and analyzing data, estimating the actual model, and evaluating the results (Hair et al., 2014).

RESULT

Profile of the respondents

Data was gathered by distributing online questionnaires to 319 MLM companies as a group. While the data collection process yielded a total of 217 respondents. Following the selection stage, the results of the selected respondents' responses were 182 respondents who could be used as data or were valid for further analysis.

The survey shows that the respondents' experience working in MLM companies as well as working in the MLM industry itself, with an average length of work in the industry of over 10 years, indicating that the respondents are quite knowledgeable and skilled in the MLM field, making them very suitable and valid to be respondents in this study. Meanwhile, the majority of MLM companies operating in Indonesia use a relatively small number of employees, namely 5-20 people, implying that the organizational performance process will feel more effective and work will be more efficient.

Because of the small number of companies in the MLM industry, the shape of the data distribution is not normal, and the presence of multicollinearity symptoms, this study employs the SmartPLS 3.3.3 software to test the relationship between variables. According to Joseph F. Hair et al., (2019), some preliminary considerations when deciding to use PLS-SEM include sample size, distribution assumptions, and model fit testing.

Validity test

Convergent validity testing using Smart PLS by looking at the value of the outer loading of each variable and dimension. The results of the Summary of Outer Loading show that an outer loading value greater than > 0.7 meets the requirements of convergent validity (Hair et al., 2014), and when the results of Smart PLS calculations on the data from this study are viewed, the average outer loading value is greater than > 0.7 , with the exception of SST2 (Strategic

Sensitivity 2) and DAC (Digital Adoption Capability)2. Because the two values when rounded up are close to 0.7, the four indicators are retained in this study, while two indicators are eliminated, namely CRS3 (Compensation and Reward System 3) and CTY4 (Competitive Intensity 4) because the value of the outer loading when rounded up remains less than 0.7.

For each construct or latent variable, convergent validity can also be assessed using the AVE (Average Variance Extracted) method. If the square root of the AVE (Average Variance Extracted) for each construct is greater than the correlation between the two constructs in the model, the model has better discriminant validity.

The Average Variance Extracted test results show that the AVE (Average Variance Extracted) value for all constructs is greater than or equal to 0.50. As a result, there is no convergent validity issue in the tested model. Discriminant validity is used to ensure that each concept in a latent model is distinct from other variables. The Fornell and Larcker (1981) criteria are one method for determining discriminant validity. According to this method, the construct shares more variance with its indicators than other constructs. To put this requirement to the test, the AVE of each construct must be greater than the greatest squared correlation with the other constructs (Hair et al., 2014).

The approach to evaluating the Fornell-Larcker criterion results is to see if the AVE is greater than the squared correlation with other constructs. The logic of the Fornell-Larcker method is based on the idea that related indicators share more variance with constructs than other constructs.

The AVE value of the SA*ET variable is 1,000, according to the Fornell-Larcker Criteria test results. This value exceeds the correlation value of the variables Sustainable Business Growth, Digital Adoption Capability, Strategic Agility, Partner Development Orientation, and Environmental Turbulence. Similarly to other variables, the AVE value on the variable itself is greater than the correlation between variables. As a result, the discriminant validity requirements for AVE have been met.

Meanwhile, cross loading results show that each indicator on the research variable has the highest cross loading value on the variables it

forms when compared to the cross loading value on other variables. Based on the results obtained, it can be stated that the indicators used in this study have good discriminant validity.

Reliability Test

To meet the reliability test requirements, Cronbach's Alpha and Composite Reliability must be greater than 0.7, and the AVE (Average Variant Extract) must be greater than > 0.5 . (Sarstedt, Ringle, & Hair, 2017). The reliability test results in this study revealed that the AVE value of all constructs is greater than 0.5. Furthermore, all constructs have Cronbach's Alpha, ρ_A , and Composite Reliability values greater than 0.7. The numbers indicate that the research data is statistically reliable for further analysis.

Descriptive statistics

The Training and Development dimension demonstrates that the Company provides skill training to improve the capabilities and abilities of its Direct Selling members. However, the TND1 (Training and Development 1) indicator demonstrates that, despite receiving training from the Company, Direct Sellers are not necessarily prepared to do a good job. The lowest Mean value with the highest standard deviation is denoted.

In terms of compensation and rewards, direct sellers are generally satisfied and pleased with the method and schedule for commission distribution. Furthermore, the Company places less emphasis on the importance of having firm and measurable sales targets in the Supportive Supervision dimension.

The ability of MLM companies in Indonesia to use digital technology is indicated to need improvement because the standard deviation value is quite high, and the DAC2 (Digital Adoption Capability 2) indicator shows that there are still not many companies using digital technology optimally in the last three years, with a mean value of 3,978 and a standard deviation of 1.231. Despite the fact that most businesses have used digital technology, such as websites for product sales and company information. Typically, a website is only static in terms of providing information and is not interactive. Product sales and membership

registration via digital platforms have not been maximized.

Leadership Unity takes precedence over Resources Fluidity and Strategic Sensitivity in the strategic agility construct. This is most likely due to MLM companies' lean management; with a simple organizational structure, strategic decisions can be made quickly because they do not involve a bureaucratic system and layers of approval levels. Similarly, resource fluidity has increased due to the presence of freelance marketers. This factor also causes MLM Companies to become accustomed to dynamic changes in the external environment. Specifically, the development and characteristics of members or members who are MLM Company members. As a result, a strong leadership factor is required in the development of an MLM business.

The average mean value for the Environment Turbulence construct is low with a high standard deviation, and the occurrence of a crisis does not provide a significant contribution to MLM companies, despite the fact that it is stated in various literatures that MLM is a business in times of crisis, or that when turmoil or economic crisis occurs, MLM can be a solution, and this statement still needs to be investigated further in depth. When compared to other dimensions in this study, market volatility has no effect on MLM companies. Meanwhile, regulations in Indonesia are not very solid and strong. Meaning that there have been several regulatory changes, which have, of course, had an impact on the MLM industry in Indonesia as a whole.

The most difficult thing to deal with, it appears, is the intensity of competition between companies, in addition to regulatory turmoil. However, in the construction of environmental turmoil, these two dimensions are the most influential in the development of the MLM industry.

According to the data obtained, the majority of MLM business developments in Indonesia have not been satisfactory or optimal, so efforts must be made to improve the performance of MLM companies. The length of time the company operates also has a significant impact on the performance of MLM companies. In this study, 61 percent of MLM companies

operate on average for less than 5 years, and there are 6 companies that have managed to earn a high income despite operating for less than 5 years. In fact, these six companies outperform those that have been in business for more than 20 years. This is an interesting fact, if managed in the right way, focusing on the right factors, the MLM company has the potential to develop more quickly and sustainably.

Hypothesis testing

The Smart PLS program assesses the model's validity and reliability in relation to the outer model. Evaluation of the structural model or inner model aimed at predicting and demonstrating the relationship and direction of latent variables. The inner model was tested in this study. R Square values of 0.75, 0.50, and 0.25 are considered significant, moderate, and weak, respectively. Overfitting is usually indicated by R Square values of 0.90 or higher (Hair et al., 2019).

When the R Square value of the influence of the Partner Development Orientation and Digital Adoption Capability variables on Strategic Agility is 0.535, with a R Square Adjusted value of 0.530, the exogenous constructs of Partner Development Orientation and Digital Adoption Capability can explain 53.5 percent of their effect on Strategic Agility. The remaining 46.5 percent is explained by other variables not included in the study's design and the error value.

The variables Partner Development Orientation, Digital Adoption Capability, and Strategic Agility, as well as the moderating variable Environment Turbulence on Sustainable Business Growth, have a R Square value of 0.197 and an Adjusted R Square of 0.160, respectively. This means that the independent variable in this study has a 19.7 percent ability to explain its effect on the Sustainable Business Growth variable, and that there are other variables that have an 80.3 percent influence on Sustainable Business Growth but are not within the scope of this study.

Because PLS-SEM does not assume a normal distribution, the inner model is evaluated using a bootstrap procedure to determine the level of significance of each indicator weight. Bootstrapping is a method of resampling a large number of subsamples of the original data,

typically 5000 or more, and estimating a model for each subsample (Sarstedt et al., 2017). In this study, bootstrapping was used to determine the level of significance and probability of the path coefficients, direct effects, and indirect effects between the latent variables.

In this study, data was processed using bootstrapping with subsample values of 500, 1000, and 5000. According to (Sarstedt et al., 2017), the results were the same as the difference in values that was not significant (2020). In this analysis, the researcher used a subsample of 5000 to perform bootstrapping.

Hypothesis testing in this study can be concluded from the results of data analysis that has been carried out, as follows:

Hypothesis 1: Partner Development Orientation has a positive effect on the Company's sustainable business growth.

Processing of data 1st hypothesis shows that the path coefficient for the effect of Partner Development Orientation on Sustainable Business Growth is -0.108, with a P-Value of 0.358 (P-Value > 0.05). As a result, **Hypothesis 1 is REJECTED** because there is no effect of Partner Development Orientation on long-term business growth. According to the findings of this study, Partner Development Orientation has a negative and insignificant effect on Sustainable Business Growth. The greater the Partner Development Orientation, the lower the Sustainable Business Growth.

The findings of this study contradict previous research on the MLM industry conducted by (Keong & Dastane, 2019) which discovered that the distributor reward system and distributor training system positively affect the long-term competitive advantage of MLM companies in Malaysia. The training provided in the form of knowledge must still be honed and practiced in order to become skilled and bear fruit. The training program alone will not provide the company with a competitive advantage. To create human resources that can provide a competitive advantage, they must be combined with other human resource practices (Wulandari, Maharani, Young, & Winoto, 2020)

According to the findings of an interview with Mr. Bambang Seno Adjie, Managing Director of PT Health Wealth Internasional

(HWI), the company does not only hold regular motivational seminars like those held in various places, because motivational seminars are only effective during the seminar and fade after a few days. More important are his motivating spirit and inner motivation. Then there was Mr. Hendra Suyanto, CEO of PT Fourmi and Mr. Harry Sutanto, CEO of PT Maximax Sukses Makmur, said that activities play an important role in the development of the MLM business, so it is not just training.

This study explains that training, compensation, and superior support do not have a direct influence on business performance, but there must be other supporting factors that are not covered in this study.

Hypothesis 2: Partner Development Orientation has a positive effect on the Company's sustainable business growth through Strategic Agility.

Data processing hypothesis 2 mentions that Partner Development Orientation has a positive effect on the company's long-term business growth via Strategic Agility, with a path coefficient of -0.020 and a P-Value of 0.815 (P-Value > 0.05). As a result, **Hypothesis 2 is REJECTED** because there is no mediating effect of Strategic Agility on the relationship between Partner Development Orientation and sustainable business growth.

This contradicts the findings of a study conducted by Xing et al., (2020), which demonstrates the relationship between the conceptual dimensions of entrepreneurial teams and strategic agility, highlighting several key points about the relationship between strategic agility and HRM through the lens of effective entrepreneurial team management, which provides the view that teams Entrepreneurship has a significant impact on strategic agility. In addition, contrary to the findings of (Nejatian, Zarei, Rajabzadeh, Azar, & Khadivar, 2019), strategic agility is critical to the survival of competitive organizations in an unstable environment. In terms of internal processes, the organization operates efficiently. The development of human resources related to the organization's internal environment through learning and growth is consistent with the literature, which states that strategic agility does

not only address changes in the organization's external environment but also necessitates a response to internal challenges.

The rapid growth of partners in the MLM business indicates the development of their business, so if the company is too agile or agile in making decisions and making changes, the performance of the MLM company tends to decline. Bambang Seno Adji, Managing Director of PT HWI, stated that if the system changes frequently, how can partners easily duplicate their business and tell their business to prospects? Mr. Wilson, CEO of PT MCI, stated that our company is constantly changing but cannot be fast enough. These two statements confirm the findings of this study.

According to this study, indirect partner development through strategic agility has no effect on long-term business performance. As a result, whether directly or indirectly, the partner development orientation has no effect on the MLM Company's business performance.

Hypothesis 3: Digital Adoption Capability has a positive effect on the company's sustainable business growth.

Data analysis shows that Digital Adoption Capability has a positive effect on the company's long-term business growth, with a path coefficient of 0.088 and a P-Value of 0.255 (P-Value > 0.05). As a result, **Hypothesis 3 is REJECTED** because there is no effect of Digital Adoption Capability on the Company's sustainable business growth.

This finding is supported by Shin's (2006) study, which used data from 2000 to 2001 to examine the effect of ERP and CRM adoption by SMEs (small and medium enterprises) and found an insignificant or negative effect on firm productivity. IT adoption has no discernible effect in developed countries. Because organizational culture and the level and characteristics of IT utilization differ by country, the effects of IT adoption vary greatly (Biagi, 2013). According to (Paunov & Rollo, 2015)'s research in 117 developing countries in the East Asia Pacific and South Asia region, absorption capacity is critical for the Internet to support company development. Skills shortages, corruption, and ineffective labor regulations all occur.

This is not to say that digital technology adoption is unimportant; rather, MLM companies will be advised to massively and maximally adopt and utilize existing digital platforms. And digitally expand their business. This study also demonstrates the MLM industry's slow pace in keeping up with the development of existing technology, such as (Herbig & Yelkurm, 1997) claim that in the future, MLM will develop its sales, marketing, and management functions through the use of digital interventions. In this day, the formation of networks based on technological relationships and personal interaction via digital platforms is commonplace.

According to the findings of this study, the process of the MLM Industry adopting digital technology is still taking a long time, and the adjustments are not simple. With the conditions that are still in the process of adjusting digital technology in the MLM business, it has indirectly changed the habits of members that have been in place for a long time. Meanwhile, millennials who join the MLM business must thoroughly understand the MLM business concept in order to grow their business on a targeted basis through digital adoption.

Hypothesis 4: Digital Adoption Capability has a positive effect on the Company's sustainable Business Growth through Strategic Agility.

The data processing results show that Digital Adoption Capability has a positive effect on the Company's long-term business growth via Strategic Agility, with a path coefficient of -0.008 and a P-Value of 0.824 (P-Value > 0.05). As a result, **Hypothesis 4 is REJECTED** because there is no mediating effect of Strategic Agility on the relationship between Digital Adoption Capability and the Company's sustainable business growth.

According to the findings of this study, digital adoption in the MLM industry is still weak and lagging behind, so there is no effect on the indirect relationship of digital adoption capabilities to company business growth through strategic agility. When viewed through the lens of the management structure of MLM companies in Indonesia, which have an average of 5-20 employees, the managerial organizational structure is lean and simple. Strategic agility has become a practical habit in MLM company

management, so it has no effect on MLM business growth.

According to research (Galindo-Martín et al., 2019) conducted in 29 European Union countries, IT adoption increases the productivity of firms at the border, thereby increasing the economy's overall productivity dispersion. Due to a lack of complementary capital investments, IT adoption does not result in higher productivity for sluggish firms. Furthermore, he contends that because the first significant wave of IT adoption and the resulting productivity revolution occurred prior to 2000, productivity gains from IT utilization were difficult to detect afterward. According to Neirotti and Paolucci (2014), the impact of IT adoption is heavily influenced by industry characteristics (such as product complexity and production processes). It is expected that the ability to adopt digital will increase strategic flexibility, which will support long-term business growth. Technology has reached every corner of the business world, and digital entrants are constantly creating new playing fields and disrupting existing players in a variety of industries, resulting in increasingly congested business cycles (Murdoch & Fichter, 2017).

(Melián-Alzola, Fernández-Monroy, & Hidalgo-Peñate, 2020) research, on the other hand, confirms that the use of IT affects organizational agility not only directly but also indirectly by increasing the ability to manage technology resources. Previous tourism research has identified external IT capabilities as a key driver of tourism agility and resilience (Mandal, 2019). Increased strategic agility through the use of digital technology will almost certainly result in cost waste, which will have a negative impact on the performance of MLM companies.

Hypothesis 5: Strategic Agility has a positive effect on the Company's sustainable business growth.

Data analysis reveals that Strategic Agility has a positive impact on the Company's long-term business growth, with a path coefficient of -0.033 and a P-Value of 0.813 (P-Value > 0.05). This means that Strategic Agility has no effect on the Company's long-term business growth, and **Hypothesis 5 is REJECTED**. According to the findings of this

study, Strategic Agility has no effect on Long-Term Business Growth. The greater the Strategic Agility, the lower the Long-Term Business Growth.

The findings of this study are supported by a study conducted by (Reed, 2020) with CEO-level respondents in three industries in Florida, United States, including manufacturing, construction, and professional services, which discovered that strategic agility has no direct impact on performance. Respondents in this study were CEO level in the MLM industry, and descriptive data show that 61 percent of MLM companies in Indonesia are relatively operational under 5 years and have relatively few employees, implying a lean organization. So, in terms of strategic agility, it has become a habit, where decisions are made quickly, multi-tasking teams are formed, and all of this has no direct impact on performance. According to (Reed, 2020), the larger a company's organization, the less agile it will be, because rapid changes in strategy will result in wasted costs.

According to the results of interviews and descriptive data, MLM companies already have work effectiveness in their managerial systems. Not all resources can contribute to long-term business growth (Khan & Wisner, 2019), 2019; (Reed, 2020). Decisions would be made quickly and without complicated bureaucracy, members who are freelancers are very liquid because they can work anywhere very quickly, and information dissemination is also very fast. According to the statistical data of this study, there are only 8 companies that have been in operation for more than 20 years that have the above opinion IDR. 20 billion, indicating that the Strategic Agility factor has no significant effect on MLM business performance in general.

Hypothesis 6: Environmental Turbulence positively moderates the relationship of Strategic Agility with the Company's sustainable Business Growth.

Data analysis reveals that environmental turbulence moderates the positive relationship between strategic agility and long-term business growth, with a path coefficient of 0.158 and a P-value of 0.143 (P-value > 0.05). This means that Environmental Turbulence has no moderating effect on the relationship between Strategic

Agility and the Company's long-term Business Growth. **Hypothesis 6 is REJECTED** because Environmental Turbulence is a Moderation Potential in this case. According to the findings of this study, Environmental Turbulence does not strengthen the relationship between Strategic Agility and Sustainable Business Growth.

This study supports previous research indicating that environmental turbulence has no moderating effect on company performance (Imran et al., 2016). Another study found that the moderating effect of environmental turbulence on financial performance is quite strong; the stronger the environmental turbulence, the worse the new product performs (Zulu-Chisanga, Boso, Adeola, & Oghazi, 2016) Other studies have found that environmental turbulence has a strong negative moderating effect between antecedents and business performance (Abbas & Ul Hassan, 2017). Previous research has also emphasized the role of strategic agility in moderating firm performance. It is explained that when environmental conditions are low or moderate turbulence, strategic agility increases and results in good performance; however, when turbulence is high, company performance suffers due to hesitancy to act and too many strategy changes (Reed, 2020)

DISCUSSION

This study was carried out to determine what factors influence the growth of the MLM business in Indonesia, in order for the MLM industry to be sustainable. A hypothesis that reflects the existing research questions has also been developed. This study's findings are expected to provide new solutions and knowledge to the MLM industry.

The data processing results from MLM Company respondents differ from previous studies. This phenomenon presents a challenge in this study. Strategic agility has no effect on long-term business growth in the MLM industry, according to this study. According to the descriptive data obtained, respondents from Indonesian MLM management, the majority of whom are CEOs, operate under 5 years with a lean and simple management organizational structure. Meanwhile, companies that have been in business for more than 5 to 20 years have a relatively lean management structure, so the

strategic agility construct is not expected to be a significant factor in the MLM industry in general.

At first glance, it is clear how important the orientation factor for partner development is in the MLM business, as evidenced by several studies on rewards, compensation, and training having an impact on business performance. The findings of this study's data analysis show a variety of results that have no direct impact on business growth. And it should be suspected that training and compensation have no direct effect and must pass through certain mediating variables that are not new strategic agility that can significantly support business growth.

In today's business world, digital adoption is critical. However, in the nuances of such massive technological development, the MLM industry has a tendency to be very slow in adopting the use of digital technology. According to the findings of this study, digital technology adoption has no direct impact on business growth, and strategic agility has no effect on digital adoption and business development. Only network externalities have the ability to influence mediation in such a way that it affects business growth. The greater the ability to adopt digital technology, the greater the network externality, and the greater the potential for business growth.

CONCLUSION

Based on the findings of the data analysis, this study concludes that the characteristics of the Partner Development Orientation have a negative impact on long-term business growth. This means that the characteristics of Partner Development Orientation do not play a role in the long-term business growth of MLM companies in Indonesia. Furthermore, strategic agility has not been shown to strengthen the influence of Partner Development Orientation characteristics on the Company's Business Growth. This implies that Strategic Agility has not been demonstrated to moderate the characteristics of Partner Development Orientation in increasing the Sustainable Business Growth of MLM Companies in Indonesia. This study also shows that the characteristics of Digital Adoption Capability have a positive effect on Sustainable Business Growth, but it is not statistically significant. This means that Digital Adoption Capability can, but not significantly, increase the

Sustainable Business Growth of MLM Companies in Indonesia. Furthermore, strategic agility has not been shown to strengthen the influence of Digital Adoption Capability characteristics on the company's business growth. This means that Strategic Agility has no influence on moderating the characteristics of Digital Adoption Capability in MLM Companies' Sustainable Business Growth in Indonesia.

Furthermore, the characteristics of Strategic Agility have a negative impact on long-term business growth. This means that the characteristics of Strategic Agility have not been proven to increase MLM Companies' Sustainable Business Growth in Indonesia. Environmental Turbulence, on the other hand, has not been shown to strengthen the influence of Strategic Agility characteristics on the Company's Business Growth. This means that, while Environmental Turbulence has no effect on moderating the characteristics of Strategic Agility, it has not been proven to increase the Sustainable Business Growth of MLM Companies in Indonesia.

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APPENDIX

Table 1. Profile of respondents (n = 182)

Variable	Description	Percentage (%)
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Position	CEO	48
	General Manager	17
	Marketing Manager	9
	Others	26
Work experience	1-2 years	15
	2-4 years	39
	5-7 years	17
	Others	29
Company's revenue	< 5 Billion IDR	53
	5-10 Billion IDR	20
	Others	27

Source: Primary data, 2020

Table 2. Partner Development Orientation (PDO)

Dimension Indikator	Indicator	Statement	Mean	Median	SD	Minimum	Maximum	N
Training and Development	TND1	Direct Sellers are ready to start their work since they have completed training from the company	4.368	5	0.862	1	5	182
	TND2	Direct Sellers and members in our firm are provided skill training to help them develop their skills and abilities	4.571	5	0.760	1	5	182
	TND3	New members can enhance their sales and recruitment abilities by attending training	4.615	5	0.762	1	5	182
Compensation and Reward System	CRS1	Direct sellers and members of our company are satisfied with the systems for	4.610	5	0.678	1	5	182

		calculating commissions and bonuses						
	CRS2	The commission and bonus payment schedules are satisfactory to direct sellers or members of our company	4.681	5	0.66 3	1	5	18 2
	CRS3	To improve the motivation of direct sellers or members, our company provides a reward system (cash, travel and other incentives)	4.571	5	0.76 0	1	5	18 2
Supportive Supervision	SPS1	Our company has a program in place to help direct sellers or members become more motivated	4.626	5	0.60 7	1	5	18 2
	SPS2	Our company communicate s with direct sellers or members on a regular basis	5.621	5	0.66 0	1	5	18 2
	SPS3	Our company has set a measurable sales goal	4.423	5	0.76 0	1	5	18 2
	SPS4	Our company	4.599	5	0.69 6	1	5	18 2

prioritizes
the growth of
direct seller
skills and
competencie
s

Source: Primary data, 2020

Table 3. Digital Adoption Capability (DAC)

Dimension	Indicator	Statement	Mean	Median	SD	Minimum	Maximum	N
Indikator								
Not Available	DAC1	For business development and product sales, our company has implemented digital technologies such as websites	4.505	5	0.875	1	5	182
	DAC2	Our firm has created items that are offered through digital online media for the past three years	3.978	4	1.231	1	5	182
	DAC3	To stay up with techological advancements, our company updates its website and digital system on a regular basis	4.368	5	0.859	1	5	182
	DAC4	Our company can keep up with the rapid advancement of digital technologies	4.280	5	0.934	1	5	182
	DAC5	Using digital technology, our company creates innovative products, business processes, and services	4.148	4	0.992	1	5	182
	DAC6	Our company is constantly	4.187	4	0.999	1	5	182

exploring new digital applications for the development of future, business processes and services

Source: Primary data, 2020

Table 4. Strategic Agility (SA)

Dimension Indikator	Indicator	Statement	Mean	Median	SD	Minimum	Maximum	N
Strategic Sensitivity	SST1	Our company is responsive to any external changes (related to customers, competitors, technology, etc.)	4.379	5	0.780	1	5	182
	SST2	We pay attention to external developments when establishing the company's strategic plan	4.396	5	0.754	1	5	182
	SST3	Our company has a mechanism in place to keep track of the environments' progress as quickly as feasible	4.247	5	0.733	2	5	182
Leadership Unity	LUN1	Our executive team is capable of making strategic decisions that are both bold and fast	4.478	5	0.850	1	5	182
	LUN2	For strategic decision-making, our management	4.462	5	0.935	1	5	182

Resources Fluidity	LUN3	team works collaboratively	4.478	5	0.796	1	5	182
		Our management team works objectively to create solutions to strategic issues						
	RFL1	Our company employs a flexible capital allocation strategy	4.308	5	0.808	2	5	182
	RFL2	In our company, the direct seller moves in a dynamic way to lead to the achievement	4.368	5	0.764	1	5	182
	RFL3	Our company structure allows us to allocate resources in a flexible way	4.379	5	0.766	1	5	182

Source: Primary data, 2020

Table 5. Environment Turbulence (ET)

Dimension Indikator	Indicator	Statement	Mean	Median	SD	Minimum	Maximum	N
Market Turbulences	MTB1	Our Costumers' behavior is rapidly changing	3.758	4	1.312	1	1	182
	MTB2	Our customers are always on the looking for new products	3.791	4	1.330	1	1	182
	MTB3	Competing companies are always offering new product	3.824	4	1.276	1	1	182
	MTB4	The strategies of competitors are constantly and impossible to predict	3.643	4	1.317	1	1	
Technology Turbulences	TTB1	Our company's environment experiences	3.852	4	1.127	1	1	182

		technological changes from time to time						
	TTB2	Our company has the ability to track technological advancements throughout time	3.896	4	1.165	1	1	182
	TTB3	In our industry, technological advancement proved tremendous possibilities	3.967	4	1.148	1	1	182
	TTB4	New product or services releases as consequences of technical advances occur on a regular basis at our company	3.989	4	1.153	1	1	
Regulation Turbulences	RTB1	Our company has a hard time anticipating regulatory changes	3.324	4	1.258	1	1	182
	RTB2	Our industry's regulations change from time to time	3.676	4	1,275	1	1	182
	RTB3	The application of laws and regulations in our industry is fraught with ambiguity	3.159	4	1.343	1	1	182
Competitive intensitfy	CTY1	Our company's products/services are similar to or identical to those of competitors	3.258	4	1.352	1	1	182
	CTY2	Price rivalry between similar products/services exist in the MLM industry	3.885	4	1.268	1	1	182
	CTY3	Promotional activities are aggressively pursued by competitive business	3.841	4	1.280	1	1	182
	CTY4	Our company's products and	3.346	4	1.451	1	1	182

		services are easily replicated by competitors						
	CTY5	The number of entrants to the MLM sector who provide identical products or services	3.714	4	1.337	1	1	182

Source: Primary data, 2020

Table 6. Sustainable Business Growth (SBG)

Dimension		Statement	Mean	Median	SD	Minimum	Maximum	N
Indikator								
Not Available	SBG1	During the years 2017-2019, our firm increased its market share	3.830	4	1.244	1	5	182
	SBG2	Our company's revenues increased at a faster rate from 2017-2019	3.797	4	1.266	1	5	182
	SBG3	During the period 2017-2019, our company's profit margin on sales grew	3.632	4	1.310	1	5	182
	SBG4	Every year for 2017-2019 year, the Company introduce new products	3.462	4	1.308	1	5	182
	SBG5	There was an increase in the number of new partners in our Company from 2017-2019	3.841	4	1.276	1	5	182

Source: Primary data, 2020

Table 7. R-Square

	R Square	R Square Adjusted
Strategic Agility - SA	0.535	0.530
Sustainable Business Growth - SBG	0.197	0.160

Source: Primary data, 2020

The path coefficients are generated after the Bootstrapping procedure is completed as follows:

Table 8. Path Coefficients

	Original Sample (O)	P-Values	Test result
SA -> SBG	-0.033	0.813	No Influence
PDO -> SBG	-0.108	0.358	No Influence
ET -> SBG	0.097	0.316	No Influence
DAC -> SBG	0.088	0.255	No Influence
ET*SBG -> SBG	0.158	0.143	No Influence
DAC -> SA	0.241	0.000	Significant Influence

Source: Primary data, 2020

***SBG – Sustainable Business Growth; SA – Strategic Agility; ET – Environment Turbulence; PDO – Partner Development Orientation; DAC- Digital Adoption Capability.

The following are the results of the Bootstrapping procedure for indirect relationships or specific indirect effects.

Table 9. Specific Indirect Effects

	Original Sample (O)	P Values	Test result
DAC -> SA -> SBG	-0.008	0.824	No Influence
PDO -> SA -> SBG	-0.020	0.815	No Influence

Source: Primary data, 2020

***SBG – Sustainable Business Growth; SA – Strategic Agility; ET – Environment Turbulence; PDO – Partner Development Orientation; DAC- Digital Adoption Capability.

Table 10. Hypothesis Summary

No	Hypothesis	Original Sample	P Values	Test result
1	Partner Development Orientation has a positive effect on the Company's sustainable business growth.	-0.108	0.358	No Influence
2	Partner Development Orientation has a positive effect on the Company's sustainable Business Growth through Strategic Agility.	-0.020	0.815	No Influence
3	Digital Adoption Capability has a positive effect on the Company's sustainable business growth.	0.088	0.255	No Influence
4	Digital Adoption Capability has a positive effect on the Company's sustainable Business Growth through Strategic Agility.	-0.008	0.824	No Influence
5	Strategic Agility has a positive effect on the Company's sustainable Business Growth.	-0.033	0.813	No Influence
6	Environmental Turbulence positively moderates the relationship of Strategic Agility with the Company's sustainable Business Growth	0.158	0.143	No Influence

Source: Primary data, 2020

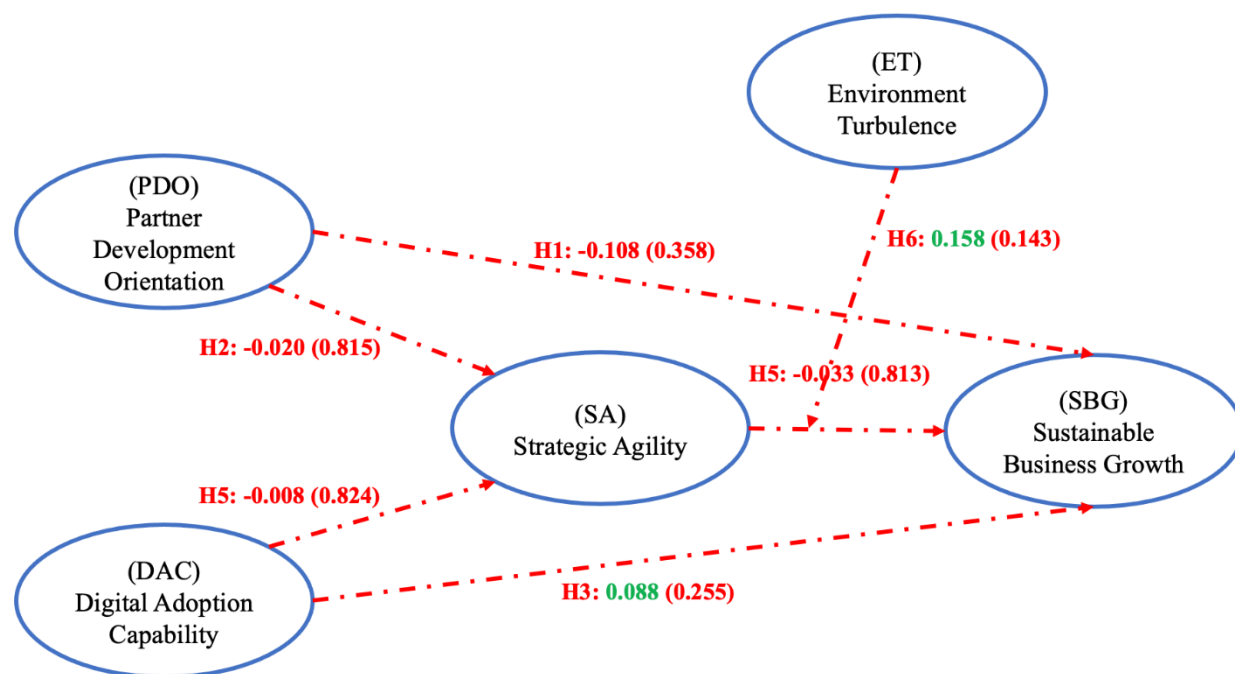


Figure 1. Hypothesis Test Results

Source: Primary data, 2020