

# Exploring the Role of Network Marketing in the Business Development : An Analysis of Managerial Perspectives

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## **Abstract**

*Network advertising and marketing, frequently called multi-level advertising has actually advanced as a prominent service growth approach particularly in the production sector. This technique promotes products and services through personal networks and word-of-mouth marketing, providing a fresh perspective for managers to consider. In the manufacturing industry, network marketing brings both potential and problems that necessitate careful consideration and strategic planning. From a managerial position, network marketing in the manufacturing sector has multiple advantages, including economical marketing, better brand visibility, and faster market share via direct selling and peer-to-peer referral. However, managers must handle legal and ethical difficulties, ensuring transparency, regulatory compliance, and avoiding incorrect activities. Implementing strict training programs and incentive structures is critical for keeping and inspiring a high-performing sales team, which is necessary. As the business the environment gets growing competitive, organizations must push themselves to the extreme limits of their capabilities. Finally, a company's performance is determined by its people resources, as well as its business and marketing strategies, which can help it in succeeding in the global market. As a result, network marketing has become a popular strategy for improving the performance of manufacturing organizations. The objective of this research study is to offer a far better understanding of just how mlm is used as an advertising and marketing method as well as device to boost in the production organization growth*

**Keywords:** Network Marketing, Multi-Level Marketing, Business Development, Peer-to-Peer Referrals, Regulatory Compliance

## **Introduction**

Network marketing, has emerged as a prominent business strategy in recent decades, garnering significant attention from researchers, practitioners, and consumers alike (Brodie et al., 2002; Peterson & Wotruba, 1996). Despite the controversies and criticisms surrounding this approach, network marketing remains a pervasive force across various industries, prompting the need for in-depth investigations into its implications for business development from the perspectives

of managers and organizational leaders (Koehn, 2001; Biggart, 1989). Although existing literature has explored the logistics, operational, and consumer-centric aspects of network marketing (Sparks & Schenk, 2006; Yin et al., 2022; Frassetto et al., 2021), a considerable research gap persists in understanding the adoption and implementation of this model from a managerial standpoint, particularly in the context of developing economies (Vander Nat & Keep, 2002). The prevailing body of research has predominantly focused on consumer attitudes, supply chain considerations, and the impact of network marketing on sales and distribution channels (Cotarelo et al., 2021; Luo et al., 2020; Craven & Minor, 1997). While these studies have provided valuable insights, they have largely overlooked the intricate decision-making processes and strategic considerations undertaken by managers navigating the complex landscape of network marketing organizations (Bloch, 1996; Coughlan & Grayson, 1998). This knowledge gap hinders a holistic comprehension of the role network marketing plays in driving business development and the unique opportunities and challenges faced by organizational leaders in leveraging this model effectively. To address this void, the present study aims to explore the managerial perspectives on network marketing's contribution to business development through a multi-faceted approach. By employing a mixed-methods investigation, encompassing in-depth qualitative interviews and rigorous quantitative surveys with managers across various industries and regions, the research endeavors to capture the nuanced experiences, perceptions, and strategies that shape decision-making within network marketing organizations (Merrilees & Miller, 1999; Grayson, 2007). To achieve these objectives, the study will draw upon a diverse range of theoretical frameworks and empirical evidence, encompassing perspectives from organizational behavior, strategic management, entrepreneurship, and marketing disciplines (Wotruba, 1997; Hibbard et al., 2001). By synthesizing these interdisciplinary insights, the research aims to develop a comprehensive understanding of the managerial decision-making processes and strategic considerations surrounding network marketing, ultimately informing both theoretical frameworks and practical applications for sustainable business growth and development.

## Literature Review

Triggers and Schenk (2006) conducted research inside an MLM (Multi-Level Marketing) organization to determine the impact of social interaction on corporate citizenship behaviors and sales efficiency. The scientists intend to give useful understandings right into the supervisory methods that can boost interaction together with interaction among suppliers in order to boost their efficiency. The research's searchings for made clear the significance of efficient interaction together with communication in ONLINE MARKETING companies. It highlights that suppliers that get appropriate socializing interaction are more probable to participate in business citizenship actions, such as aiding associates, exceeding their normal tasks plus showing dedication to the company.

The research article by Crittenden and Crittenden (2004) delves into the direct selling industry, with a particular focus on network marketing, and its potential for business growth. The authors examine the challenges and opportunities that managers encounter when it comes to developing and managing an effective sales force within this unique context. The article provides valuable insights into the direct selling experience and highlights the key factors that contribute to the growth of businesses in this industry. It emphasizes the importance of building and nurturing a strong sales force, as it plays a critical role in driving sales and expanding the business. The authors discuss the challenges faced by managers in recruiting, training, and motivating their sales force within the direct selling model.

The research article study by Biggart (1989) titled "Charismatic Capitalism: Direct Selling Organizations in America" explores the characteristics and dynamics of direct selling organizations

in the United States. The author focuses on the concept of charismatic capitalism and its application in the context of network marketing. Overall, “Charismatic Capitalism: Direct Selling Organizations in America” offers valuable insights for researchers, practitioners, and policymakers interested in understanding and managing direct selling organizations, particularly in the context of network marketing.

The research article by Craven and Woodruff (1996) titled “Sales Force Renewal: Rethinking Reengineering the Direct Selling Organization” focuses on the strategies and challenges of renewing and reengineering sales forces in direct selling organizations, including network marketing companies. The article explores the need for sales force renewal in direct selling organizations and the potential benefits it can bring. The authors delve into the challenges faced by direct selling organizations in implementing sales force renewal initiatives and provide insights into effective strategies for overcoming these challenges. In conclusion, “Sales Force

Renewal: Rethinking Reengineering the Direct Selling Organization” provides valuable insights into the strategies and challenges associated with sales force renewal in direct selling organizations, including network marketing companies.

The research article study by Wotruba (1997) titled “Direct Selling Industry Trend Analysis” offers a comprehensive examination of trends within the direct selling industry, including network marketing, and their implications for business development strategies and managerial practices. By understanding and adapting to these trends, direct selling organizations can develop effective business development strategies and enhance their managerial practices. In summary, “Direct Selling Industry Trend Analysis” presents a comprehensive analysis of trends in the direct selling industry, including network marketing. The article contributes to our understanding of the industry’s dynamics and offers practical implications for business development and managerial strategies in this evolving marketplace.

In this article, Koehn (2001) titled “Ethical Issues Connected with Multi-Level Marketing Schemes” focuses on exploring the ethical challenges and concerns associated with network marketing and multi-level marketing (MLM) schemes. The study emphasizes the significance of ethical considerations in managerial decision-making and strategy development within this industry. The article examines various ethical issues that arise in MLM schemes, such as the potential for deceptive recruitment practices, exaggerated income claims, lack of transparency, and the emphasis on recruiting rather than selling products. It highlights the importance of ethical behavior in maintaining trust and credibility among distributors and customers. By addressing these ethical concerns, managers can foster a positive ethical climate within their MLM organizations. The study emphasizes the need for ethical decision-making and responsible leadership to ensure the long-term sustainability and success of MLM businesses. In summary, “Ethical Issues Connected with Multi-Level Marketing Schemes” sheds light on the ethical challenges associated with network marketing and MLM schemes. The article serves as a valuable resource for managers and practitioners in the industry, promoting ethical considerations in decision-making and strategy development to build trust and maintain the integrity of MLM organizations.

The research article by Vander Nat and Keep (2002) titled “Marketing Fraud: An Enduring Problem” delves into the issue of marketing fraud, including deceptive practices within network marketing, and its implications for business development and managerial decision-making. The study provides a comprehensive examination of marketing fraud, highlighting its persistent nature and the challenges it poses for businesses. It specifically addresses deceptive practices associated with network marketing, which can include false income claims, misrepresentations about product benefits, and misleading recruitment tactics. By exploring the implications of marketing fraud, the article underscores the importance of ethical conduct and responsible decision-making

in managerial practices. It emphasizes the need for companies to establish proactive measures to prevent fraud and protect consumers and distributors from deceptive practices. In summary, “Marketing Fraud: An Enduring Problem” sheds light on the issue of marketing fraud, with a specific focus on deceptive practices within network marketing. The article serves as a valuable resource for businesses, highlighting the importance of ethical considerations and responsible decision-making in combating fraud and fostering a trustworthy business environment.

In this article, Ramirez (2007) explores the importance of enforcing ethical practices within marketing firms, including those involved in network marketing. The author highlights the need for a proactive approach to instilling ethical behavior, moving beyond mere compliance with regulations. The study emphasizes the role of corporate culture, leadership, and training in promoting ethical marketing practices. Ramirez suggests that firms should adopt a stakeholder-centric approach, considering the interests of customers, employees, and society at large.

### Research Objectives

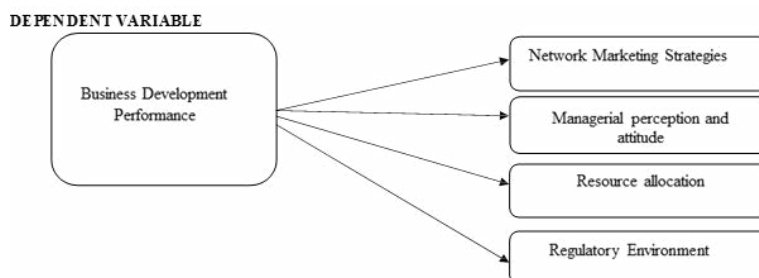
- To examine the perceived benefits of network marketing for business development
- To analyze the challenges and limitation of implementing network marketing strategies in business development
- To assess the effectiveness of network marketing strategies achieving business development goals
- To identify best practice and managerial strategies for successful implementation of networking initiatives

### Hypothesis

**Null Hypothesis ( $H_0$ ):** Network marketing strategies, resource allocation, and the regulatory environment have no significant impact on business development performance in the manufacturing sector.

**Alternative Hypothesis ( $H_1$ ):** Network marketing strategies, resource allocation, and the regulatory environment have a significant impact on business development performance in the manufacturing sector.

### Conceptual Framework



### Methodology

This study's major research approach was descriptive surveying. Researchers employed questionnaires to obtain data from the research population. A Google Docs questionnaire was produced, and the link was distributed to the manufacturing sectors. The first portion of the survey requests basic information about responders. The second section addresses questions about the study's dependent and independent variables. Participants ranked their point of views on a 5-point Likert range varying from 1 (highly differ) to 5 (highly concur). Respondents were picked from

diverse manufacturing companies in Chennai based on expert judgment and practical concerns. Following data screening, 154 respondents were selected, and questionnaires were chosen for future investigation since they contained all of the important information. The survey data collected from participants was analysed using SPSS. Descriptive statistics involve summarizing the study's variables by determining their means and standard deviations. We opted for the non-probability sampling method because of its suitability for quantitative research, especially when dealing with populations of infinite responses. Additionally, we employed snowball sampling, chosen for its compatibility with quantitative research and its respondent-driven nature. Moreover, our study is built on the involvement of both sample participants and other individuals who have the potential to contribute to the research. This inclusive approach not only broadens the scope of our investigation but also acknowledges the interconnectedness of individuals within the population.

## Data Analysis and Interpretation

**Table 1 Demographics**

Demographic Profile	Frequency	Percentage
Age		
Below 29 Years	29	18.83
30 – 39 Years	89	57.79
Above 40 Years	36	23.37
Total	154	100
Gender		
Male	112	72.7
Female	42	27.3
Total	154	100
Educational Qualification		
Higher Secondary	6	3.9
Diploma	23	14.9
UG	59	38.3
PG	66	42.9
Total	154	100
Designation		
Production Manager	27	17.5
Production Supervisor	27	17.5
Manufacturing Engineer	24	15.6
Distribution Manager	32	20.8
Supplychain Engineer	44	28.6
Total	154	100
Experience in Years		
Below 5 Years	67	43.5
5 – 10 Years	47	30.5
Above 15 Years	40	26.5
Total	154	100

**Source:** Primary Data

The workforce is concentrated in the 30-39 age group (57.79%), with an additional percentage from the 40-49 (23.37%), indicating an experienced yet youthful professional pool. The gender distribution is strongly tilted toward men (72.7%) over females (27.3%). Educational qualifications are very strong, with 81.2% holding college degrees or above and 42.9% holding postgraduate degrees, indicating specialized talents. Over 66% have management or technical managerial positions that relate to their educational level, suggesting operational responsibility. Work experience is divided pointing: 43.5% under 5 years, 30.5% between 5 and 10 years, and 26.5% above 15 years, allowing for the incorporation of fresh perspectives and organizational expertise. This group, which combines middle-age and seasoned experience, may have the technical skills drive efficiencies in the manufacturing and administrative sectors.

**Table 2 Anova**

Anov <sup>a</sup>						
		Sum of Squares	df	Mean Square	F	Sig.
Network marketing strategies	Between Groups	32.017	1	32.017	3.272	.072
	Within Groups	1487.548	152	9.786		
	Total	1519.565	153			
Managerial perception and attitude	Between Groups	.088	1	.088	.010	.920
	Within Groups	1308.250	152	8.607		
	Total	1308.338	153			
Resource allocation	Between Groups	.412	1	.412	.039	.843
	Within Groups	1592.062	152	10.474		
	Total	1592.474	153			
Regulatory environment	Between Groups	22.912	1	22.912	1.928	.167
	Within Groups	1806.491	152	11.885		
	Total	1829.403	153			

**Source:** Primary Data

The analysis of variance (ANOVA) results show different levels of significance for various factors. Network marketing tactics have a marginally significant variation between groups, implying that different strategies may produce different results. In contrast, there are no substantial variations across groups in terms of managerial perspective and attitude, resource allocation, or the regulatory environment. This suggests that the sampled population may have similar managerial attitudes and resource distribution procedures. However, it is critical to observe the slight differences in significance levels, since these indicate potential areas for additional inquiry or refinement in organizational approaches. Further investigation into the intricacies of these elements may yield useful insights for improving the efficacy and efficiency of business operations.

**Table 3 Chi-Square Test**

Gender			
	Observed N	Expected N	Residual
Male	112	51.3	60.7
Female	42	102.7	-60.7
Total	154		

Test Statistics	
	Gender
Chi-Square	107.545a
df	1
Asymp. Sig.	.000
a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 51.3.	

Gender and the observed frequencies have a highly significant correlation, according to the gender distribution chi-square test results. There is substantial evidence against the null hypothesis of independence, indicating that gender and the observed frequencies are not independent, with a chi-square value of 107.545 and a p-value of .000. The difference between observed and expected frequencies is further highlighted by the residual values, which specifically point to an overrepresentation of males and an underrepresentation of females. This result emphasizes that there is a gender gap in the sample group, which calls for more research and possible corrective action to rectify representational injustices.

**Table 4 Correlation**

Correlation					
		Network marketing strategies	Managerial perception and attitude	Resource allocation	Regulatory environment
Network marketing strategies	Pearson Correlation	1	.474**	.428**	.492**
	Sig. (2-tailed)		.000	.000	.000
	N	154	154	154	154
Managerial perception and attitude	Pearson Correlation	.474**	1	.372**	.366**
	Sig. (2-tailed)	.000		.000	.000
	N	154	154	154	154
Resource allocation	Pearson Correlation	.428**	.372**	1	.368**
	Sig. (2-tailed)	.000	.000		.000
	N	154	154	154	154
Regulatory environment	Pearson Correlation	.492**	.366**	.368**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	154	154	154	154
**. Correlation is significant at the 0.01 level (2-tailed).					

**Source:** Primary Data

The correlation analysis shows a significant positive relationship between network marketing strategies and managerial perception and attitude ( $r = 0.474$ ,  $p < 0.01$ ), network marketing strategies and resource allocation ( $r = 0.428$ ,  $p < 0.01$ ), and network marketing strategies and the regulatory

environment ( $r = 0.492$ ,  $p < 0.01$ ). There are significant positive correlations between managerial perception and attitude and resource allocation ( $r = 0.372$ ,  $p < 0.01$ ), managerial perception and attitude and the regulatory environment ( $r = 0.366$ ,  $p < 0.01$ ), and resource allocation and the regulatory environment ( $r = 0.368$ ,  $p < 0.01$ ). These links highlight the interconnection of network marketing tactics, managerial attitudes, resource allocation, and regulatory perceptions, offering useful information for decision-making and strategic planning.

**Table 5 Regression**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.408a	.167	.150	3.23376
a. Predictors: (Constant), regulatory environment, resource allocation, network marketing strategies				

**ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	313.681	3	104.560	9.999	.000b
1	Residual	1568.585	150	10.457		
	Total	1882.266	153			
a. Dependent Variable: business development performance						
b. Predictors: (Constant), regulatory environment, resource allocation, network marketing strategies						

**Source:** Primary Data

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	5.102	1.316		3.877	.000
1	Network marketing strategies	.280	.097	.251	2.878	.005
	Resource allocation	.259	.092	.239	2.820	.005
	regulatory environment	-.016	.110	-.012	-.146	.884
a. Dependent Variable: business development performance						

The regression study shows that network marketing tactics, resource allocation, and regulatory environment significantly predict customer involvement ( $F(3, 150) = 9.999$ ,  $p < 0.001$ ). Customer engagement is positively influenced by network marketing techniques ( $\beta = 0.251$ ,  $p = 0.005$ ) and resource allocation ( $\beta = 0.239$ ,  $p = 0.005$ ), whereas the regulatory environment has no effect ( $\beta = -0.012$ ,  $p = 0.884$ ). This implies that, while network marketing tactics and resource allocation are critical for increasing customer involvement, the regulatory environment has little impact in this context.

## Result & Discussion

### Result

Network marketing, often known as multi-level marketing, has played an important part in business development. It means creating a network of independent distributors that promote and

sell goods or services. From a managerial standpoint, network marketing has various benefits, including minimal initial costs, flexibility, and the possibility of residual income. However, it does create some obstacles, such as the requirement for effective distributor recruiting, training, and incentive. Successful network marketing companies promote ethical methods, transparency, and value-based products or services. Finally, network marketing can be a viable business model if addressed carefully, with an emphasis on compliance, customer pleasure, and long-term growth.

## **Discussion**

Network marketing, often presents managerial opportunities as well as obstacles. On the plus side, network marketing enables cost-effective brand advertising, improved consumer loyalty, and faster market penetration via direct selling and peer-to-peer recommendations. Managers must, however, consider legal and ethical issues, like as openness, regulatory compliance, and the avoidance of deceptive activities. Implementing strong training programs and incentive systems is critical for motivating and maintaining a top-performing sales team. Successful network marketing depends on providing distributors with effective sales methods, product knowledge, and leadership abilities. Managers must also use strict quality control methods to ensure brand integrity and client trust. Effective network marketing necessitates finding a balance between capitalizing on the model's benefits while minimizing possible dangers through ethical behaviors, effective training, and quality assurance.

## **Implication**

The study's findings can give managers with practical insights and techniques for effectively leading and managing network marketing companies. The study may emphasize the need of adhering to legal and ethical standards in network marketing, providing managers with information on how to guarantee their activities are transparent, fair, and in line with industry norms. The study's research of managerial viewpoints can provide techniques for improving brand reputation and dispelling common misconceptions regarding network marketing, allowing managers to promote trust and credibility with their target audience. The study could provide insights into efficient network marketing techniques for expanding into new markets, reaching a larger client base, and increasing market penetration via personal networks and referral marketing. The study's findings might point out the need for additional research on international gaps in network marketing strategies and managerial viewpoints, allowing for a more complete knowledge of this worldwide events. As technology advances, future research could look into the integration of network marketing with emerging technologies like social media, artificial intelligence, and virtual reality, as well as how they might affect network marketing tactics and management practices. This study offers a thorough examination of managerial viewpoints on the function of network marketing in business development, filling a gap. The findings may expand or challenge current ideas about entrepreneurship, organizational behavior, and sales management in the context of network marketing, resulting in the establishment of new theoretical frameworks or the refinement of existing ones. By studying management viewpoints, the study hopes to discover critical aspects that contribute to the success or failure of network marketing organizations, potentially guiding the development of new theoretical models for effective network marketing strategies.

## **Conclusion**

The study highlights the value of resource allocation, particularly in terms of developing and maintaining a trained sales team. Allocating resources for sales training, product expertise, and leadership is critical for increasing customer engagement and business success. Additionally, the

regulatory environment has a huge impact on network marketing operations. While rules differ by country, compliance with legal standards is critical for avoiding legal consequences and retaining customer trust. Overall, the findings highlight the significance of ethical behavior, regulatory compliance, and successful managerial strategies in the success of network marketing activities. Businesses that strike a balance between exploiting the benefits of peer-to-peer marketing and limiting possible hazards can position themselves for long-term development and sustainability in a competitive industry.

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