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SOCIO-ECONOMIC STATUS OF NETWORK MARKETING AS A SECONDARY SOURCE OF INCOME

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Keywords

Network Marketing,
Socio-economic
Status, One Sample
T-test, Exploratory.

Abstract

G Multi-level marketing (MLM), another name for network marketing, gives people the chance to make money through commissions on team-building activities as well as sales. In light of job insecurity and growing financial goals, this study investigates how network marketing works as a supplementary source of income and how it affects participants' socioeconomic position. Understanding how network marketing functions as a sustainable secondary revenue stream in the face of growing economic uncertainty is the driving force behind this project. The purpose with which this research was conducted was to evaluate the socio-economic status of network marketing as a secondary source of Income. The technique used in the current study is one sample t-test. The outcome of this research indicated that Increased income, reduced financial stress, Increased savings, Improved social status, strengthened social networks, Recognition for business activities, Better time management, Improved leadership skills, Enhanced sales and marketing knowledge, Enhanced overall quality of life, Improved work-life balance, and Better expense management are significant Socio economic status of Network marketing as a secondary source of Income.



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1. INTRODUCTION

Multi-level marketing (MLM), another name for network marketing, is a controversial marketing strategy for the sale of goods and services. The MLM company makes money from non-salaried employees who sell the company's products, while the participants make money from various compensation commission schemes. Members of the compensation plan in network marketing usually get income from two possible revenue streams. The second is given out as a proportion of the wholesale purchases made by other sellers the participant has convinced to sell the items themselves, whereas the first is based on a commission received from selling the good or service directly. (Kumar, P., et al 2024).

➤ Definition of Network Marketing

“A marketing approach that creates networks by word-of-mouth, connections, and referrals; people are compensated according to the growth of their networks and the sales of their products.”

History of Network Marketing.

Year	Event/Development	Details
1934	Origin of Network Marketing	California Vitamin Company introduced the concept of Network Marketing where distributors used and sold products to friends and relatives, earning extra income.
1943	Renaming and Formal MLM Plan	California Vitamin Company renamed as Nutrilite Corporation; implemented the first Multi-Level Marketing (MLM) plan defining levels of income for distributors.
1949	Key Members Join Nutrilite	Jay Van Andel and Richard Marvin DeVoss joined Nutrilite Corporation and observed the business's growth and residual profit generation from earlier work.
1959	Founding of Amway Corporation	Jay and Richard left Nutrilite to start Amway Corporation (short for American Way) based on the MLM concept.
Present (Approx. 50+ years later)	Amway's Global Success	Operates in 80+ countries with over 3 million business operators, becoming one of the most recognized network marketing companies.



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➤ **Effectiveness of Network Marketing as a Business Model**

NM is a business strategy that requires a network of distributors to grow the company. People searching for flexible, full-time, and part-time business opportunities are particularly interested in network marketing. The most well-known Indian companies that fall under the network marketing category include “Amway, Modicare, RCM, MI Lifestyle Global Marketing Pvt ltd, MaryKay Cosmetics, Tupperware, AdvoCare, Herbalife, Ambit Energy, Amway Global (formerly Quixtar), Avon Products, Nu Skin Enterprises, Oriflame, Telecom Plus,” and others. There is a chance to sell a product line directly to friends, family, and other personal contacts, and a product sample kit from network marketing companies only costs a few hundred dollars. In multilevel marketing, sometimes referred to as network marketing, independent distributors sell products directly to consumers, usually in their homes or over the phone. In theory, distributors stand to gain from both their own sales and those of the people they employ (Kumar, P., et al 2024).

➤ **The impact of socioeconomic position on networking organisations**

Globally, society and organisations are seriously threatened by economic inequality (Amis et al. 2020). People experience uneven access to resources and opportunities due to social disparities in wealth and income (Bapuji et al. 2020a). Therefore, the social class that people are born into or gradually acquire is determined by their subjective impressions of their socioeconomic standing and their objective access to material riches. People from lower socioeconomic classes encounter more obstacles to advancing in their careers and make less money than their peers in the same field (Ingram and Oh 2022). In addition, people moving from working-class origins provide organisations special advantages including overcoming cultural barriers and having compassionate leadership (Martin and Côté 2019).

People's thoughts, feelings, and behaviours are influenced by their objective resource endowment and the resulting subjective impression of their position about others in society (Loignon and Woehr 2018), which has a big impact on their modes of agency. People from lower socioeconomic backgrounds grow to rely on the outside world to help them deal with limitations when they encounter resource shortages. As a result, being in a disadvantaged position makes people more community-oriented (Rucker et al. 2018). Instead, since they have access to pertinent resources, people in better socioeconomic situations internalise the experience to be able to accomplish goals on their own. For example, a person's socioeconomic standing has a favourable impact on their self-focus with relation to goal mastering. (L. Brändle and others, 2022).

2. REVIEW OF LITERATURE

(i) Gulia, M. (2019)

Analysed in their research study about understanding the relation between the perceptions of the distributors and demographic features as an opportunity for earning income in Network Marketing.



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The findings of the research shows that the total perception of the distributors in network marketing have a positive correlation, and on the other hand, the demographic features such as age, gender, status of job, marketing firm, and experience also have statistically significant influence over their perceptions relating to an income opportunity in network marketing. Because of increase in the living cost and enhanced consumption pattern, it is highly treated as an opportunity for earning an income.

(ii) Yaziz, NA., Ismail, N., et al. (2015)

Conveyed in their research paper about determining the strategy associated factor with income from the business of Network Marketing around Kelantan in beauty and healthcare products. The results derived from the research shows that experience has a significant association with income earned through business. Additionally, participants who are clear about entering this business, time involved, and efforts put in all have a significant relation with the business income earned by the participants.

(iii) Reingewertz, Y. (2021)

Discussed in their research study about the operation of the economic model with respect to the Multi-level Marketing companies in non-competitive and competitive market and understand the basic revenue structure involved. The findings derived suggested that the network marketing companies are able to offer better earning prospects to the individual distributors where the cost of marketing are substantial.

(iv) Ahmed, Z., Nawaz, A., et al. (2024)

Investigates the opportunities for carrying out network marketing activities actively through investments. The results derived from the research helps in explaining the position of network marketing with respect to the Jordan investment mai, as well as regarding the implications of the policy for the investors, policymakers, and the entrepreneurs.

(v) Roman, M., Wasiak, M., et al. (2021)

Determined that the main aim of the research study is in presenting the plan of compensation and the opportunities which results through co-operation with FM World. The research results in providing various features of the compensation system of the market economy, specifically their goals, functions, and important theories of motivation. The findings derived represents the satisfaction level aing the respondents regarding the plan of compensation which is being offered, available incentive programs and perception regarding additional co-operation with the network marketing firm.

(vi) Srilekha, V. & Rao, U. (2016)

Described the various motivation factors which entails the individuals in selecting themselves in becoming a network marketing distributor for AMWAY. The findings derived from the research show an understanding regarding the motives of the distributor is the income that they earn as a result of carrying out the activities and thus in a consequent manner frame strategies which are suitable for enhancing the network.



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(vii) Behera, A. (2024)

Examined the concept of network marketing for earning an income in the form of self-employment process by creating social networks. At the time when COVID-19 pandemic had string the world, people didn't had any jobs because of layoffs in every industry, network marketing at that time became a significant source of socio-economic help for women. The current research undermines in exploring the significance of social networks through business development. The findings derived indicates that through developing a stronger social network, women are able in sustaining as well as in expanding their network marketing for at the time of the pandemic.

(viii) Rathi, A. & Chauhan, D. (2022)

Emphasized on the business prospect of network marketing in today's world and how it is proving to be a major source of a secondary income for a greater population. It acts as a marketing plan wherein the Network Marketing overall revenue turns up through non-salaried workers who sell their products and take the benefits from the compensation plan framed. The research emphasizes on putting light on the Network Marketing concept through their earlier studies and finding a conceptual gap for future research.

3. OBJECTIVES OF THE STUDY

- (i) To evaluate the socio-economic status of network marketing as a secondary source of income.
- (ii) To give suggestions towards enhancing the benefits and effectiveness of network marketing.

Hypothesis:

H0: The socio-economic status of network marketing as a secondary source of income is insignificant

H1: The socio-economic status of network marketing as a secondary source of income is significant.

4. RESEARCH METHODOLOGY

The current study used Descriptive research design. The data was collected through primary (questionnaire) and secondary (journals, articles, thesis, etc) both. The sampling technique used in the current study is Non-Probability Purposive. This sampling technique is specifically used to target individuals actively who have specific characteristics that is most relevant to the purpose of the research. In the present study, 85 individuals who are actively involved in the network market were selected. The sample size was determined based on Faul et al. 2007 where in a minimum sample size of 45 is required for conducting a one-tailed one-sample t-test. The statistical technique used is a parametric one-sample t-test. This test is used to determine whether the mean of a simple sample has any significant difference from a known or hypothesized population mean. The R Studio Software which is most commonly used for commuting statistical data and visualisation and performing advanced data analysis.



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Data Analysis and Interpretation:

Items	t – statistics	P – value	Ha: mean score of Socio economic status of Network marketing as a secondary source of Income > 3
Increased income	18.90	0.000	Significant
Reduced financial stress	19.45	0.000	Significant
Increased savings	17.44	0.000	Significant
Improved social status	20.32	0.000	Significant
Strengthened social networks	20.90	0.000	Significant
Recognition for business activities	19.66	0.000	Significant
Better time management	18.00	0.000	Significant
Improved leadership skills	20.45	0.000	Significant
Enhanced sales and marketing knowledge	20.78	0.000	Significant
Enhanced overall quality of life	19.32	0.000	Significant
Improved work-life balance	18.56	0.000	Significant
Better expense management	19.09	0.000	Significant

The one-sample t-test was conducted to assess whether the mean scores for various socio-economic outcomes of engaging in network marketing as a secondary source of income were significantly greater than the neutral value of 3. The results reveal that all the tested items have highly significant t-statistics ($p < 0.001$), indicating strong agreement among respondents regarding the positive impact of network marketing. Specifically, participants reported significantly increased income, reduced



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financial stress, and improved savings. Furthermore, they acknowledged enhanced social status and stronger social networks as outcomes of their involvement. Recognition for business activities, better time management, and improved leadership skills were also seen as significantly enhanced. In addition, the respondents agreed that their knowledge in sales and marketing had improved, contributing to an overall better quality of life, improved work-life balance, and more effective expense management. Collectively, these findings suggest that network marketing is perceived as a valuable secondary source of income that positively influences multiple dimensions of socio-economic well-being. Thus, it can be concluded that H0 was rejected and H1 was accepted.

5. CONCLUSION

The results of this study strongly show that network marketing significantly improves people's socioeconomic standing when it is used as a supplementary source of income. Participants reported higher income levels, which helped them feel less stressed and more stable financially. This in turn made it possible to manage personal spending more effectively and save more money. Significant non-monetary benefits were also identified by the study, including improved social standing, fortified professional and personal networks, and more acknowledgement for entrepreneurial endeavours. Additionally, network marketing facilitated the development of leadership, sales, and marketing abilities as well as better time management and work-life balance. Together, these factors resulted in a discernible improvement in the general standard of living. The findings demonstrate that network marketing is a beneficial substitute for those looking for extra revenue streams and upward socioeconomic mobility as it not only promotes economic resilience but also social empowerment and personal growth.

6. SUGGESTIONS

- Network marketing companies must consistently provide training and skill development programs to help individuals improve their leadership, communication, and sales abilities.
- Network marketers should focus on time management to effectively balance their personal lives, primary jobs, and network marketing activities.
- Government organisations should increase public awareness of lawful network marketing opportunities to protect citizens from fraud and help them choose trustworthy platforms.
- Network marketers must keep communicating honestly and morally with their teams and clients to build trust and achieve long-term success.
- Financial institutions can provide microcredit or customised savings plans to help network marketers grow their businesses and enhance revenue management.
- Network marketing firms can recognise and reward regular achievers to maintain member engagement and boost their confidence in developing a reliable secondary source of income.



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7. AUTHOR(S) CONTRIBUTION

The writers affirm that they have no connections to, or engagement with, any group or body that provides financial or non-financial assistance for the topics or resources covered in this manuscript.

8. CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

9. PLAGIARISM POLICY

All authors declare that any kind of violation of plagiarism, copyright and ethical matters will take care by all authors. Journal and editors are not liable for aforesaid matters.

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