

# SKILL DEVELOPMENT PROCESS IN NETWORK MARKETING COMPANIES – A STUDY WITH RESPECT TO HYDERABAD CITY OF TELANGANA STATE

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## ABSTRACT:

Network Marketing is a form of direct sales, which is also known as Multi-Level Marketing. In typical network marketing model, individuals associate or acts like a franchisee to the parent company. In turn they are paid a commission based on the volume of product or services that are sold. In summary it is simply an alternative distribution model of delivering goods and service out into the market place. The success of Network Marketing business depends on how well the individuals or distributors connected, across the hierarchy, to each other to promote the business or to increase the sales. Consequently, all the distributors need to possess the skills of enhancing the consumer base along with adding new distributors in to the network. Therefore, developing the specific leadership qualities is absolutely primordial to grow and sustain momentum in the team. So the leaders of network marketing business should be organized, self-disciplined, and adopt daily method of operation and follow it consistently. Therefore, the top leaders need to assume the responsibility of honing skills of next level leaders or distributors. As leader becomes role model for the next level individuals in network marketing business, top leaders must exhibit dynamic leadership qualities while articulating the business skills in next level personnel in work hierarch. All the new entrants of the network marketing do not have accurate business knowledge to promote the business and to encourage the others. So, it is the duty of the existing leaders of the company to provide the knowledge of business through the skill development process. To conduct the present research topic entitled “Skill Development Process in Network Marketing Companies – A Study with respect to Hyderabad city of Telangana State” the empirical form of research has been adopted to identify and understand the experiences, opinions and perceptions of leaders at different levels among select network marketing companies. It is observed that the number of new entrants in network marketing business is high, but every individual who joined will not be successful. Because, to gain benefits of network marketing business one has to inspire others to join his team, engage them for long time in network marketing business, train them, and motivate them to do business. Therefore, without leadership skills it is not possible to uplift the distributors/down line leaders in network business, the required

data has been collected from both primary and secondary sources. A survey method was adopted to gather information about leadership in networking business and to understand that motivates. Library research method has been adopted for documentary analysis of network marketing companies. To collect the data for the purpose of conducting the present research topic both the primary and secondary data are utilized. To conclude, leaders across the levels of leadership hierarchy of Amway, Herbalife, and Tupperware companies do not hold similar perception on 11 variables considered in skill development process, as is evident by the rejection of null hypothesis. However, leaders have similar opinion about detailing business plan and home level meetings in enriching the business leadership skills.

**Key Words:** Leader, Network Marketing Business, Skill Development Process, Entrants.

## INTRODUCTION:

Network Marketing is a form of direct sales, which is also known as Multi-Level Marketing (MLM). In typical network marketing model, individuals associate (often referred to as distributors) or act like a franchisee to the parent company. In turn they are paid a commission based on the volume of product or services that are sold. In summary it is simply an alternative distribution model of delivering goods and service out into the market place.<sup>1</sup>

The independent distributors take on the responsibility of marketing the products using the company's sales and marketing plan. Each distributor gets involved in customer acquisition, promotion of products, and creation of sales volume through the network of distributors they form. By doing so, they serve their own businesses as well as that of the company. The company provides the necessary support for marketing the products in the form of brochures, flyers, and other training materials at a nominal cost. As distributors directly sell the products to customers, cost of advertising and the payment to the middlemen involved in the retail chain system is eliminated. Therefore, the expense that is saved on this account is used to pay discounts, commission, bonus, and other benefits to the Independent Distributors in the multi-level network.<sup>2</sup>

## Skill Development:

A skill lies in learning to carry out a task with pre-determined requisites often within a given amount of time, energy, or both. The skill is ability, coming from one's knowledge, practice, aptitude, etc., to do something well. In similar vein, an ability and capacity acquired through deliberate, systematic, and sustained effort to smoothly and adaptively carry out complex activities or job functions involving ideas (cognitive skills), things (technical skills), and/or people" (interpersonal skills).

## II. Conceptual Framework

“Skill” could be referred to as the inner-quality of ability possessed by a person, either in-order to complete a task effectively and efficiently or also the very aspect that sets one different from others for with outputs in having better quality of work & achieving quantitative results. Development could be said as the increase in level in the quality and output of one’s.

### **Skill development process in Network Marketing**

The success of Network Marketing business depends on how well the individuals or distributors connected, across the hierarchy, to each other to promote the business or to increase the sales. Consequently, all the distributors need to possess the skills of enhancing the consumer base along with adding new distributors in to the network. Therefore, developing the specific leadership qualities is absolutely primordial to grow and sustain momentum in the team. So the leaders of network marketing business should be organized, self-disciplined, and adopt daily method of operation and follow it consistently. Therefore, the top leaders need to assume the responsibility of honing skills of next level leaders or distributors. As leader becomes role model for the next level individuals in network marketing business, top leaders must exhibit dynamic leadership qualities while articulating the business skills in next level personnel in work hierarch.

All the new entrants of the network marketing do not have accurate business knowledge to promote the business and to encourage the others. So, it is the duty of the existing leaders of the company to provide the knowledge of business through the skill development process.

### **Following are the variables considered for skill building process.**

1. **Dream building process** – A dream of having/achieving something stimulates a person to achieve his/her goal eventually. Network marketing companies identify a prospective leader’s goal and inspire these individuals to attain their dreams. Hence, top leaders of network marketing companies need to disseminate the required knowledge about the ways of making business to the new distributors or followers, so that the quest for their dreams will be alive and fulfilled. Dream building initiative as a part of skill development process in network marketing business is to be learnt and developed through the following initiatives.
2. **Accurate business information** – Complete and accurate information regarding the company, remuneration, and marketing model skill is to be articulated.
3. **Product knowledge** –Complete knowledge about the functionality, features, and pros and cons of the products that directly sell to the consumers need to be imbibed.
4. **Adequate knowledge about company** –Legality of the company, financial position, competitive advantage, promoters, market share, future prospects along of the company.
5. **Explaining the marketing plan to develop the business** – Every network marketing company has its own and different marketing strategy and/or feature of their products, payment systems and the

like. Hence, the senior leaders have to teach the new leaders about the company's marketing plan to get the new business, to attract the new members into the business.

6. **Sharing the knowledge about products** –Sharing the complete knowledge of products is an important tool in skill development of new leaders. Hence, top level leaders need to inject this knowledge.
7. **Conducting home meetings to develop the business** – In the process of developing the network marketing business all the leaders across all the levels has to conduct the knowledge sharing meetings at house level about the products of the company and/or marketing plan of the network marketing business.
8. **Regular attendance to open meetings** – The open meetings of the network marketing companies provide the huge knowledge about the company, product, marketing plan, and success stories of the leaders in the business. Hence, the talks of successful leaders enrich the skills set of distributors.
9. **Attending mega seminars for motivation** – Mega seminars arranged by the network marketing companies bring all the participants/leaders of all the levels at one place on rare occasions. Proceedings of the seminars are intended to boost the confidence, knowledge, and develop new leadership skills of network marketers.
10. **Inspired by leaders' speech** – At the open meetings and mega seminars the successful leaders of the network marketing company would come and inspire the gathering by their success stories.
11. **Reading books for personality development** – Network marketing business succeeds with the good human relations with peer groups and customers as well. Hence, leaders of the network marketing business must read the books like personality development, marketing strategies and the like to enrich their marketing skills.
12. **Role play techniques nurtures as good speaker** – To attract the new entrant's good speaking skills are required, because a good speaker becomes the good leader. In network marketing business illiterates also form part of distributors, through participating in role plays techniques they can enhance marketing skills.
13. **Personal counseling by leaders** – The strength of the business is based on close network of individuals. New entrants of the network marketing business may lose their confidence levels due to new kind of environment. Hence, the top leaders need to initiate regular counseling and review of the new and lower level leaders.

### **Statement of the Problem:**

It is observed that the number of new entrants in network marketing business is high, but every individual who joined will not be successful. Because, to gain benefits of network marketing business one has to inspire others to join his team, engage them for long time in network marketing business, train them,

and motivate them to do business. Therefore, without leadership skills it is not possible to uplift the distributors/down line leaders in network business.

### Research Question:

1. How the leadership skills are built in Multi Network marketing Organizations?

### Objectives of the study:

1. To analyze the skill development process at different levels and across the companies in select network marketing companies.
2. To evaluate the perceptions of leaders at different levels and across the companies in select network marketing companies.

### HYPOTHESES:

- H<sub>01</sub>:** There is no significant difference in the skill development processes in select network marketing companies.
- H<sub>02</sub>:** There is no significant difference in perceptions of the leaders across leadership hierarchy about skill development processes in select network marketing companies.

### RESEARCH METHODOLOGY

A survey method was adopted to gather information about leadership in networking business and to understand that motivates. Library research method has been adopted for documentary analysis of network marketing companies.

### SOURCES OF DATA:

To collect the data for the purpose of conducting the present research topic entitled “Skill Development Process in the Network Marketing Companies – A Study with respect to Hyderabad City of Telangana State” both the primary and secondary data are utilized.

#### A. PRIMARY SOURCE:

- ✓ One of the primary sources of data for this analysis is participant observation. Being a participant observer of meetings and seminars of networking business allows the opportunity to observe distributors and leaders.
- ✓ Open-ended interviews will be used with the informants to gain insights into how individuals view their organizational experiences.
- ✓ Data will also be collected from respondent by administering structured questionnaire.

#### B. SECONDARY SOURCE:

Archival method is used to gain information from websites. Books and booklets provided by the companies give information about the historical and ideological context of the company.

### SAMPLING:

Sampling was as under

1. **Sampling Unit:** The sampling units are the leaders and distributors of Tupperware, Herbal life, and Amway global India which are located in the city of Hyderabad.
2. **Sampling Method:** Stratified Random sampling technique has been applied based on the levels of the leaders.
3. **Sample Size:** In all the three select network marketing companies' leadership levels are recognized mainly in 3 different levels.

Designation	Herbal Life	Tupper wear	Amway	Total
Level 1	5	5	7	17
Level 2	18	15	20	53
Level 3(Distributors)	150	150	150	450
<b>Total</b>	<b>173</b>	<b>170</b>	<b>177</b>	<b>520</b>

Level-1, which is top level in leadership hierarchy; there are 10 leaders in Herbal life, 10 leaders in Tupperware and 15 leaders in Amway business. At level 2, there are 180 leaders in Herbal life, 150 in Tupperware, and 200 in Amway. From each organization 10 percent leaders were taken for the study. The level 3 that is distributors' level, it is difficult to find out the distributors because of enormous size and they are registered globally, hence 450 distributors were selected at 5 percent margin of error.

#### 4. Tools of analysis:

The data collected by the questionnaire on select variables was arranged in a meaningful manner and tabulated for the purpose of analyze the data collected using the statistical techniques like weighted averages and one-way ANOVA to draw the interpretations.

**Table.1** – Frequencies of opinions about the effective tools which are used to skill development process in the network marketing business are as follows;

S.No	Tool	Agreed	Not Agreed	Total
1	Dream Building	410	110	520
2	Accurate Business Information	437	83	520
3	Product Knowledge	422	98	520
4	Adequate Knowledge about the company	429	91	520

5	Detailing the Business Plan	457	63	520
6	Sharing product and business knowledge gives confidence	357	165	520
7	Home level meetings helps to develop the business	<b>481 (92.5)</b>	39	520
8	Regular attendance to open meetings	442	78	520
9	Motivation through mega seminars	445	75	520
10	Inspired by leaders speech	429	91	520
11	Personality developments by reading books	448	72	520
12	Role play nurtures a good speaker	<b>334 (64.23)</b>	186	520
13	Personal counseling is a regular process	439	81	520

Source: Primary Data

The above table reveals the frequency distributions about the perceptions of different tools of skill development of the leaders at various levels in select network marketing companies.

**Table: One-way ANOVA**

	Sum of Squares	DF	Mean Square	F	Sig.
Between Groups	957658.513	2	478829.256	1142.721	0.000
Within Groups	15084.923	36	419.026		
Total	972743.436	38			

Above table signifies that the calculated value of One-way ANOVA between different levels of select network marketing companies 0.00 is less than the alpha at 0.05. Thus, the null hypothesis ( $H_0$ ) is rejected. Hence, there is a significant difference in the perception of leaders about leadership skill development tools across the leadership hierarchy of select network marketing companies.

**Table showing weighted averages of different tools of skill development process**

S.No	Tools	Level-1	Level-2	Level-3	Total
1	Dream Building	4.73	14.13	119.33	138.20
2	Accurate Business Information	5.33	14.20	123.40	142.93
3	Product Knowledge	<b>5.47</b>	15.00	119.00	139.47
4	Adequate Knowledge about the company	5.13	15.53	119.60	140.27
5	Detailing the Business Plan	5.20	15.60	<b>125.67</b>	146.47
6	Sharing product and business knowledge gives confidence	4.67	14.87	109.53	129.07

7	Home level meetings helps to develop the business	5.27	15.93	113.07	<b>154.27</b>
8	Regular attendance to open meetings	5.20	15.40	121.87	142.47
9	Motivation through mega seminars	5.20	15.33	125.00	145.53
10	Inspired by leaders speech	5.07	15.00	122.20	142.27
11	Personality developments by reading books	5.33	15.73	123.80	144.87
12	Role play nurtures a good speaker	3.93	13.27	104.20	121.40
13	Personal counseling is a regular process	5.33	<b>16.53</b>	123.27	145.13

Above table reveals the weighted averages of different tools of skill development process. With the help of above table one can infer that, level – 1 leaders perceive that the product knowledge is the key to succeed in network marketing business and it should be learnt through the skill development process, likewise level – 2 leaders percept that the personal counseling is a regular process and the level – 3 leaders percept that detailing the business plan is more important. Overall all the leaders at all the three levels in select network marketing companies' percept that the home level meetings help to develop the business.

**Table showing weighted averages of different tools of skill development process**

S.No	Tools	Amway	Herbal Life	Tupper Ware	Total
1	Dream Building	49.00	45.93	43.27	138.20
2	Accurate Business Information	47.67	47.53	<b>47.53</b>	142.93
3	Product Knowledge	48.93	45.73	44.80	139.47
4	Adequate Knowledge about the company	48.93	45.73	44.80	143.07
5	Detailing the Business Plan	51.33	48.00	46.87	146.20
6	Sharing product and business knowledge gives confidence	44.27	44.20	40.60	129.07
7	Home level meetings helps to develop the business	<b>53.40</b>	48.33	47.20	<b>148.93</b>
8	Regular attendance to open meetings	47.60	48.00	46.87	142.47
9	Motivation through mega seminars	52.00	44.87	46.47	143.33
10	Inspired by leaders speech	46.67	47.13	45.47	142.27
11	Personality developments by reading books	52.87	46.33	45.67	144.87



12	Role play nurtures a good speaker	44.07	41.87	40.00	125.93
13	Personal counseling is a regular process	52.13	<b>48.73</b>	44.27	145.13

With the help of above table one can surmise that the leaders of Amway percept that the home level meetings help to develop the business and it is the key to succeed in network marketing business. In the similar vein, the leaders of Herbal Life percept that the personal counseling is a regular process is important, while the leaders of Tupper Ware percept that the accurate business information is important for skill development. All the leaders across three levels of the select network marketing companies have percept that the home level meetings help to develop the business.

Hypotheses which were used to test the variables (characters) of leaders in the skill development process in all the three different levels of select network marketing companies can be summarized as follows;

#### One way ANOVAs results regarding Skill development process – Level wise

S.No	Parameter	Hypothesis	Result
1	Dream building	Leaders across the levels in leadership hierarchy do not show significant difference of opinion about dream building leads to leadership skill development	Rejected <b>0.000 &lt; 0.05</b>
2	Accurate business information	Leaders in leadership hierarchy do not hold significant difference of opinion about leadership skill development through accurate and clear business information.	Rejected <b>0.015 &lt; 0.05</b>
3	Product knowledge	Leaders in leadership hierarchy do not show significant difference about leadership skill development by having complete product knowledge	Rejected <b>0.004 &lt; 0.05</b>
4	Adequate Knowledge about the company	Leaders across leadership hierarchy do not reveal significant difference on leadership skill development by acquiring adequate knowledge about the company	Rejected <b>0.009 &lt; 0.05</b>
5	Detailing the Business Plan	Leaders in leadership hierarchy do not show significant difference about detail business plan enunciates leadership skill development.	Accepted <b>0.079 &gt; 0.05</b>

6	Sharing product and business knowledge gives confidence	Leaders in leadership hierarchy do not show significant difference about sharing product and business knowledge enrich leadership skill development	Rejected <b>0.000 &lt; 0.05</b>
7	Home level meetings helps to develop the business	Leaders in 3 levels do not show significant difference of opinion about leadership skill development process by organizing home level meetings to develop the business	Accepted <b>0.052 &gt; 0.05</b>
8	Regular attendance to open meetings	Leaders in leadership hierarchy do not express significant difference of opinion about regular attendance to open meetings uphold the leadership skills	Rejected <b>0.013 &lt; 0.05</b>
9	Motivation through mega seminars	Leaders across leadership hierarchy do not show significant difference on leadership skill development process particularly through mega seminars	Rejected <b>0.021 &lt; 0.05</b>
10	Inspired by leaders speech	Leaders across the levels do not reveal significant difference of opinion about successful leaders' speech inspire the next level leaders to augment their leadership skill.	Rejected <b>0.008 &lt; 0.05</b>
11	Personality developments by reading books	Leaders in leadership hierarchy do not have significant difference in their opinion about book reading helps in developing the leadership personality	Rejected <b>0.007 &lt; 0.05</b>
12	Role play nurtures a good speaker	Leaders in leadership hierarchy do not show significant difference of opinion about leadership skill development through role play technique	Rejected <b>0.000 &lt; 0.05</b>
13	Personal counseling is a regular process	Leaders across leadership hierarchy do not have significant difference in their perception about regular personal counseling to reinforce the leadership skills	Rejected <b>0.009 &lt; 0.05</b>

**Conclusion:**

To conclude, leaders across the levels of leadership hierarchy of Amway, Herbal life, and Tupper ware companies do not hold similar perception on 11 variables considered in skill development process, as is evident by the rejection of null hypothesis. However, leaders have similar opinion about detailing business plan and home level meetings in enriching the business leadership skills.

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