



Direct Selling a Controversial Business Model: Recent Development and Future Research Agenda

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Abstract: Direct selling is one of the earliest distribution models that is currently used in the modern commercial world. Direct selling started as a business model and subsequently evolve to becoming a global phenomenon. There are extant scholarly efforts on this research theme in recent years. However, an effort to organise the literature on this theme is lacking. This paper aims to provide insights into the recent development and future research opportunities in direct selling. This paper conducts a systematic structured literature review on the scientific discoveries in the past ten years. Research papers are carefully synthesised, compare, and contrasted to present a state-of-the-art understanding of the research topic. The reviews conducted in this paper were categorised into four different levels, namely industry level, direct selling organisations' level, distributor level, and consumer level. This scholarly effort makes a significant contribution to the extant literature on direct selling.

Keywords: Direct selling, network marketing, multi-level marketing, business model

1. Introduction

One of the earliest forms of business distribution still in use today is direct selling (Peterson & Wotruba, 1996). While the origin of multi-level marketing (MLM) started with Nutrlite in 1945 (Coughlan & Grayson, 1998), the origin of direct selling started much earlier with the California Perfume (later changed name to Avon) in 1886 (Yen et al., 2008). Over time, the direct selling business model has evolved to be an industry on its own. Direct selling is a proven and well-established business model (Lee & Dastane, 2019). This business model remains relevant and competitive today as it embraces technology to improve its operational efficiency (Bhattacharjee, 2016). This business model is not capital intensive and thus direct selling organisations (DSOs) is able to expand rapidly worldwide in the past several decades (Coughlan & Grayson, 1998). In 2021, the direct selling industry achieved USD186.1 billion in sales worldwide, out of which 78% were contributed by the top ten countries and territories (WFDSA, 2022).

According to WFDSA (2022), the top ten direct selling markets in 2021 are the United States, Korea, Germany, China, Japan, Malaysia, Brazil, Mexico, France, and Taiwan. Although direct selling started in the US, Asia is now the biggest market (42%), followed by the Americas (39%), and Europe (21%). Asia sales suffers a decline of 12.5% in 2021 due to the substantial dropped experienced in China. China's sales had declined 51% over the past three years (WFDSA, 2022). Excluding China, the industry achieved a 3.8% compound annual growth rate in the past three years. High growth rates were manifested in developing countries (Reingewertz, 2021). One explanation for this is that these countries have a larger "base-of-the-pyramid" population that this business model appeals to them greatly (Widmier et al., 2020). Many different products and services use a direct selling model for distribution to end-users. Among the top five product categories in 2021 are health and wellness, cosmetics and personal care (inclusive of skincare), household goods and durables, clothing and accessories, and financial services (WFDSA, 2022). The top two categories contributed close to 60% of global revenue.

There are currently 128.2 million individuals associated with themselves as distributors of DSOs (WFDSA, 2022). 58% of distributors are located in Asia, follow by 26% in the Americas and 12% in Europe. There was an increase in

participation in direct selling in 2021, with the exception of China, Africa, and the Middle East. Direct selling delivers both economic and social impact on society. The economic impact of direct selling manifests in three aspects, direct effect (retail sales), indirect effect (upstream sales), and induced effect (downstream sales) (Peterson et al., 2019). The social impact on the distributors is reflected in their personal development, social connections, and improvement of social status (Chu & Segre, 2010).

Direct selling is a well-discussed scholarly theme but is often misunderstood (Peterson & Wotruba, 1996). There was extant literature on this research theme in many languages. Since the work Peterson & Wotruba (1996), to the best of my knowledge, there was no English literature to organise scholars' efforts on this research theme. Thus, this paper aims to investigate the recent development by conducting a structured literature review with future research agenda proposed. This paper contributes to the body of knowledge by providing a structured view of this research theme, addressing ambiguity and misconceptions gaps.

2. Literature Review

Direct selling appears in many forms in the literature resulting in terminological uncertainty (Ivashkova et al., 2018). Scholars like to use direct selling, MLM, and networking marketing interchangeably (Heng & Ng, 2020). In fact, the more appropriate name is direct selling as provided by the World Federation of Direct Selling Association (Babu & Anand, 2015). MLM is a type of direct selling (based on the characteristics of the compensation plan) and thus, it is a subset of direct selling (Kumar & Satsangi, 2021). Direct selling got labelled as networking marketing due to the network externality nature of the model. Network in direct selling deals with the economic and social interaction of individuals (Ivashkova et al., 2018). Furthermore, direct selling is also labelled with names like home-based business franchising, referral marketing, direct marketing, affiliate marketing, and direct consumer marketing (Nadlifatin et al., 2021). Strictly speaking, network marketing or MLM is not marketing, but a sale and recruitment activity (Gitonga & Kilonzo, 2018). Direct marketing is often confused with direct selling due to its direct-to-consumer characteristic. Direct marketing is a form of promotion that informs potential buyers about a specific product or service using physical or digital materials like catalogues and flyers (Ezekiel & Toba, 2020). Direct marketing is used by firms from various industries as a means to promote their brands and products. In China, direct selling is known as zhixiao and zhixiao in Chinese also means direct-to-customer (DTC). Thus, there are situations where the confusion arises. Selling direct has also been mixed up with direct selling due to semantic reasons (Pu et al., 2020).

Peterson & Wotruba (1996) submit that the definition of direct selling often appears ambiguous, inaccurate, or contradictory, and thus, a three-dimensional definition, covering operational perceptive, tactical perceptive, and strategic perceptive, was introduced. However, as the business model evolves over time, the definition of direct selling needs to rejuvenate. Direct selling can be defined as a business model where DSOs rely upon and reward independent distributors to disseminate goods and services to end-users with or without a fixed physical location and expansion of the distributor network is also entrusted to these distributors. Different DSOs may adopt and adapt their business models according to their operational strategies and legal requirements. Nevertheless, this definition offers a generic description of the fundamental characteristics of the business model. At the country level, the government may legislate laws to alter this definition, like in the case of China (Tian, 2008). Then, DSOs need to adapt their business model in accordance with the laws on the land.

A cardinal component of the direct selling model is the involvement of distributors and the related network externalities effect. In literature, distributors have many names including direct sellers, members, participants, sales representatives, agents, and independent business owners (Lee & Dastane, 2019). Distributors play dual roles, selling products and services and recruiting new distributors (Keep & Nat, 2014). These distributors are not employees of DSOs. The legal relationship between DSOs and distributors may vary in countries. Direct selling fulfils the definition of a gig (Abraham & Houseman, 2019) and thus, distributors are gig workers who enjoy the freedom of time (DeLiema et al., 2021). Direct selling has low entry and exit barriers, allowing individuals to move in and out of DSOs easily. This explains the general high attrition rate in this industry (Peterson & Wotruba, 1996). Individuals may even join multiple DSOs at the same time or at different points in time (DeLiema et al., 2021). By doing so, DSOs can substantially reduce marketing costs (Lee & Dastane, 2019) and use the savings to reward distributors through compensation plans and incentive programmes (Roman et al., 2021). These marketing costs are necessary for a traditional marketing model but not in the direct selling model because it leverages distributors to reach end consumers. (Gbadeyan & Olorunleke, 2014). Relationship selling is widely used by distributors to recruit, sell and build long-term relationships (Foster & Cadogan, 2000).

DSOs use compensation plans and incentive programmes to motivate and drive distributors' productivity (Nat & Keep, 2002). The compensation plan is the core economic engine of the direct selling model. In certain countries, there are laws that limit the pay-out percentage of the compensation plan, such as in Korea, Poland (Roman et al., 2021), and China (Tian, 2008). A good compensation plan needs to make economic sense to the DSO while appearing attractive to the distributors (Roman et al., 2021). Roman et al. (2021) submit that the motivation effect of compensation plans on distributors is well explained in the motivation theories. Commission or bonus is earned when there is a sales transaction and not merely on recruitment. Due to this reward system, many DSOs have their consumers joining them as distributors (DeLiema et al., 2021; Nadlifatin et al., 2021), making the distinction between the seller and consumers blurry. On top

of the compensation plan, DSOs also run periodical incentive programmes, such as excursion trips, cash and non-cash incentives (Seow, 2022c).

The compensation plan of DSOs can be categorised as single-level marketing (SLM) plan, MLM plan, and binary plan. Direct selling started with the SLM plan by Avon (Yang & Ling, 2014). SLM plan has two key characteristics. Earnings mainly come from personal sales and recruitment right is only made available to distributors who have achieved certain ranks and above (Jain et al., 2015). DSOs like Avon, Mary Kay, and Tupperware are adopting the SLM plans. Contrary, the MLM plan has no recruitment restrictions and earnings can come from both personal or team sales. DSOs like Amway, Nu Skin, and Oriflame are implementing MLM plans. The popularity of the MLM plan had triggered the SLM plan to evolve and reward multi-tier and thus, create challenges in distinguishing both plans. In the past two decades, a novel plan was innovated, called the binary plan. The binary plan is very similar to the MLM plan just that it limits the number of direct recruits to two and has deeper paid generations. DSOs like Usana and Jeunesse use the binary plans. Nowadays compensation plan designers demonstrate great innovation and develop compensation plans by incorporating the best features from SLM, MLM, and binary plans, making it extremely challenging to classify them using the old way. The compensation plan also provides a hierarchy of ranks and these ranks are associated with recognition programmes and bonus qualifications. As the direct selling model relies on distributors recruiting distributors, the relationship between distributors is of utmost importance to the economic model of the compensation plan. Distributors' genealogy is normally determined by the recruitment effort.

Despite the many benefits it inherits, direct selling is perhaps one of the most controversial business models (Aggarwal & Kumar, 2014). Direct selling often attracts regulatory attention in various countries, such as India (Girish & Dipa, 2015), Myanmar (Nan, 2019), Malaysia (Yan & Ng, 2020), and China (Seow, 2022c). Generally speaking, public perception of direct selling is skewed toward the negative side due to many reasons, such as economic losses (Liu, 2018), the previous unpleasant encounter with distributors (Kustin & Jones, 1995), and equating it with pyramid or Ponzi scheme (Jain et al., 2015; Khare & Verma, 2016; Sobaih et al., 2021). Unfortunately, due to a lack of regulatory scrutiny and public awareness, the proliferation of the pyramid or Ponzi scheme has penetrated many countries around the world (Msosa, 2022). Muncy (2004) submits that it is not easy to differentiate pyramid or Ponzi scheme from legitimate direct selling. Delinquent operators disguise themselves as legitimate direct selling operators and infiltrated society causing catastrophic damage (Msosa, 2022).

While both schemes comprise a similar pyramid structure (Babu & Anand, 2015), they are different in essence (Galasintu et al., 2018). Both schemes are different in many ways. Pyramid and Ponzi schemes are recruitment-centric (Sobaih et al., 2021) and thus, members are rewarded by mere recruitment (Ezekiel & Toba, 2020). The direct selling model is product-centric and thus, distributors are rewarded based on the personal and team sales of products (Girish & Dipa, 2015). For pyramid or Ponzi scheme firms to afford to pay lucrative recruitment bonuses, new members normally require to pay high joining fees and have heavy stock loading requirements. This is known as pay to earn (Koehn, 2001). In the recruitment process, pyramid or Ponzi scheme firms position themselves as legitimate DSOs and offer tempting and motivating promises, including high returns on investment (Wilkins et al., 2012). Careful deliberation can reveal that these promises are unlikely to be sustainable (Groß & Vriens, 2019). Yet, there will always be individuals overwhelmed with greed who decided to join the pyramid or Ponzi scheme. Rani (2019) offers the distinctions between legitimate direct selling and illegal pyramid scheme from different aspects.

3. Methodology

This study uses a systematic literature review (SLR) approach to investigate and discover future research opportunities in direct selling. Relevant articles are carefully selected and relevant literature is synthesised for analysis and comparison to offer a state-of-the-art understanding of the research theme and identify future research agenda (. Systematic reviews involve taking an integrated approach to examining extant literature on a specific research topic, discovering scientific gaps, and formulating new theoretical models (Marabelli et al., 2014).

Following Antonizzi et al. (2020), a three-phase SLR was implemented: planning, execution, and analysis. A research plan with a clear objective is developed, followed by the execution that covers data selection and gathering. Lastly, a rigorous data analysis, including synthesizing data, is being conducted. Peer-reviewed academic articles from Scopus, Crossref, and Google Scholar databases are used. A search with keywords “direct selling” OR “multi-level marketing” OR “networking marketing” were used, with a focus on the recent ten years' articles. The initial search produced a list of 339 papers. This list was further filtered based on specific criteria such as English papers, journal articles, conference proceedings, and peer-reviewed publications. Duplication was removed. After this process, 103 papers were selected for thorough analysis as shown in table 1.

Table 1 - Literature search and selection

	Period	Initial Search	Final Selection
Scopus	2013 – 2017	8	9
	2018 – 2022	14	19
Crossref	2013 – 2017	15	0
	2018 – 2022	98	14
Google Scholar	2013 – 2017	92	25
	2018 – 2022	112	36
Total		339	103

4. Results

In the recent ten years, there are numerous studies found on this research theme. As shown in table 2, out of the 103 selected literature, the top five countries where direct selling research was conducted are India, Malaysia, Indonesia, the US, and China.

Table 2 - Literature search and selection

Country of study	Industry Level/ Business Model	Direct selling organisation (DSO) Level	Distributor Level	Consumer Level	Total	
Afghanistan			1		1	1.0%
Argentina			1		1	1.0%
Australia			1		1	1.0%
Bulgaria				1	1	1.0%
China	2	1	2	2	7	6.8%
Colombia		1			1	1.0%
Ethiopia	1				1	1.0%
Ghana	1				1	1.0%
Greece			1		1	1.0%
India	7	1	9	1	18	17.5%
Indonesia	3	3	4	1	11	10.7%
Kenya			1		1	1.0%
Malaysia	1	4	8	1	14	13.6%
Maldives	1				1	1.0%
Myanmar	1				1	1.0%
Nigeria			4	1	5	4.9%
Philippines			3		3	2.9%
Poland	4				4	3.9%
Romania			1		1	1.0%
Russia			1	1	2	1.9%
South Africa		1	1		2	1.9%
Spain	1				1	1.0%
Thailand	1		1		2	1.9%
Turkey			1	1	2	1.9%
United States	3		5		9	8.7%
Uzbekistan	1				1	1.0%
Cross countries			1	1	2	1.9%
No specific country	7		1		8	7.8%

Source: Author's compilation

An in-depth review of the literature reveals these studies can be grouped into four different research levels, industry level (inclusive of the study on business model), DSO level, distributor level, and consumer level (see table 3). The distributor level (47.1%) and industry level (34%) captured most of the scholarly attention. The top five research themes are reasons for joining, consumers' perception and buying decision, legality issues, the modus operandi of direct selling, and factors contributing to distributors' success.

Table 3 - Literature search and selection

Research topic	References	Explanations	%
Industry Level/Business model			
Literature review	Yang & Ling (2014)	Comparing past studies on Mainland China and Taiwan.	1.0%
History development	Keep & Nat (2014)	Direct selling industry development in the United States.	1.0%
External scanning	Seow (2022c)	PEST analysis on the direct selling industry in China.	1.0%
Modus operandi	Aggarwal & Kumar (2014); Choudhary & Haryana (2013); Ezekiel & Toba (2020); Gregor & Wadlewski (2013); Kaźmierczak & Łabuz (2018); Leśniewski et al. (2022); Singh & Kumar (2019); Takhirovna & Kanilevna (2022); Tripathi (2014)	The modus operandi of the direct selling business model; differentiate direct marketing from direct selling.	8.7%
Distribution model	Agarwal (2015); Pong & Nasir (2022); Sobaih et al. (2021)	Use direct selling as a distribution model.	2.9%
Compensation plan	Reingewertz (2021); Roman et al. (2021); Verma & Arya (2020)	The use of compensation plans to motivate distributors is explained by motivation theories and mathematical equations.	2.9%
Trust management	Selamet & Prabowo (2020)	A proposed trust management framework	1.0%
Impact studies	Peterson et al. (2019)	The economic and social impacts of direct selling in the United States	1.0%
Legality issues	Amar (2022); Babu & Anand, (2015); Cardenas & Fuchs-Tarlovsky (2018); Chane (2020); Galasintu et al. (2018); Girish & Dipa (2015); Groß & Vriens (2019); López-Arranz & Picatostes-Novo (2017); Mai (2019); Rani (2019)	The legitimacy of direct selling as a business model vs pyramid or Ponzi scheme as an illegal business operation.	8.7%
Ethical issues	Cardenas & Fuchs-Tarlovsky (2018); Droney (2015); Groß & Vriens (2019)	Ethical issues of distributors, particularly in selling health products and supplements.	1.9%
Shariah compliance	Aldhaheri et al. (2022); Hania & Fajaruddin (2019); Rachmawati & Febriandika et al. (2019); Yaakob et al. (2020)	Examine the direct selling model from the Islamic perceptive.	3.9%
Direct Selling Organisation (DSO) Level			
Modus operandi	Abdullah (2018); Aribowo & Wibasuri (2020); Franco & Gonzalez-Perez (2016); Rashid et al. (2016); Wait (2019); Yunus et al. (2016)	Explore the different aspects of DSOs' modus operandi	5.8%
Mobile learning	Chang & Lee (2015)	The use of mobile learning for distributor training	1.0%
Corporate social responsibility (CSR)	Prafulla & Nath (2019)	CSR initiatives of DSOs	1.0%
Competitiveness	Lee & Dastane (2019); Selamet et al. (2020)	Determinants of DSOs' competitiveness	1.9%

Distributor Level

Modus operandi	Ali et al. (2019); Crittenden et al. (2021); Dai et al. (2017); Zaki et al. (2017)	Ways distributors carry out direct selling activities	3.9%
Communication	Andriani & Marlina (2019); Deviacita (2022); Gumaran & Talde (2021); Omar (2014, 2017, 2018)	Various communication methods used by distributors in the recruitment and selling of products	5.8%
Customer relationship	Rozhkov (2014)	Building effective customer relationship	1.0%
Trust within a network organisation	Chatzopoulou & Santouridis (2018)	Trust relationships among distributors in the same network organisation	1.0%
Engagement level	Li et al. (2020)	Distributors' engagement level	1.0%
Earnings expectations	Bosley et al. (2020)	Changes in earnings expectation with and without disclosure	1.0%
Impact studies	Gitonga & Kilonzo (2018); Santos (2020)	The impact on various groups of individuals	1.9%
Perception toward direct selling	Angela (2019); Cengiz (2020); Oladele et al. (2022); Vashisth et al. (2019); Veena (2014)	Different perceptions of distributors towards direct selling and DSOs.	4.4%
Participation	Bäckman & Hanspal (2022); Widmier et al. (2020)	Level of direct selling participation	1.9%
Reasons for joining	Bordoloi (2019); DeLiema et al. (2021); Gbadeyan & Olorunleke (2014); Jain et al. (2015); Jyoti (2022); Khare & Verma (2016); Kumar & Satsangi (2021); Liu (2018); Msosa (2022); Nadlifatin et al. (2021); Oladele & Laosebikan (2019); Oloveze et al. (2021); Srilekha & Rao (2016)	The various reasons resulted in distributors joining DSOs.	12.6%
Satisfaction & retention	Koroth (2014); Lee et al. (2016); Lee & Loi (2015); Mansouri & Unanoğlu (2022); Palma (2021); Purcaru et al. (2022)	Distributors' satisfaction and retention	5.8%
Success contributors	Gulabdin et al. (2020); Lerkjarijumpon et al. (2013); Li et al. (2016); Siahaan et al. (2014, 2018); Tornillo et al. (2019); Tsui & Lee (2018)	Influencers of distributors' success	6.8%

Consumer Level

Consumers' perception and buying decision	Angela (2019); Bhattacharjee (2016); Ivashkova et al. (2018); Makni (2015); Masriani & Sanica (2022); Pir & Karaduman (2017); Poon & Albaum (2019); Rusli & Ibrahim (2021); Yan & Ng (2020)	Consumers' perception toward direct selling, DSOs, DSOs' products, and buying decision	9.2%
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Source: Author's compilation

5. Discussion and Future Research Agenda

5.1 Industry Level

Direct selling is a well-established business model internationally. Despite the direct selling model having been in existence since the eighteenth century, it is nevertheless a novel model in some parts of the world. Thus, there is recent literature on the modus operandi of direct selling in certain countries like India (Aggarwal & Kumar, 2014; Choudhary & Haryana, 2013; Singh & Shiv Kumar, 2019; Tripathi, 2014), Poland (Gregor & Wadlewski, 2013; Kaźmierczak & Łabuz, 2018; Leśniewski et al., 2022), and Uzbekistan (Takhirovna & Kanilevna, 2022). Such studies shed light on direct selling's impact at economic and social levels. The understanding of this business model is fundamental to evaluating what type of products and services are suitable to use as a distribution model. Although DSOs have successfully used this model to disseminate products and services, scholars find feasibility study of this distribution model is still relevant. In recent years, studies on using the direct selling model to distribute ready-to-cook/eat food products (Agarwal, 2015) and hotel services (Pong & Nasir, 2022; Sobaih et al., 2021) were explored. While the direct selling model may be used to promote hotel services, additional considerations are required. Typically, most DSOs' distributor networks consist of individuals who are doing direct selling part-time and they reach out to their social network to promote the products and services. According to Sobaih et al. (2021), for hotel services in the Maldives alone Click or tap here to enter text., repeat purchases are likely to be limited and thus, rendering the reward system unattractive to distributors. Pong & Nasir (2022) asserts that to use direct selling model as an alternative to online travel agents (Pong & Nasir, 2022), the firm needs to have a substantial hotel network situated in many locations. Hence, a distribution feasibility study is a question of "should" instead of "can". A sustainable direct selling model needs to balance the cost and opportunity of the DSO, its distributors, and its customers. There is a lack of a theoretical framework to perform such investigation meaningfully.

Despite the importance of a compensation plan, research in this area is very limited to the economic model of a single-level structure (Reingewertz, 2021), the recurrence relation of a multi-level marketing structure (Verma & Arya, 2020), and distributors' satisfaction on compensation plan (Roman et al., 2021) in recent years. There lie extensive research opportunities in this area, particularly on the motivation and performance effects of different features of the compensation plan. Incentive trips are commonly used by DSOs. However, this tactical programme has been greatly impaired by the pandemic in recent years. As most part of the world is transitioning the pandemic to endemic, a thorough investigation of the motivation and outcome effects can deliver significant managerial implications.

The investigation of the legitimacy of direct selling as a business model appears to be one of the most researched topics in recent years. This is mooted by the fact that in some countries, the distinction between legitimate direct selling and an illegal pyramid scheme is blurry (Girish & Dipa, 2015). On one hand, illegal operators disguise their pyramid scheme or Ponzi scheme under the dressing of direct selling. For instance, Amar (2022) exposes an Indonesian firm operating a pyramid scheme and asks for government intervention to eradicate the malpractices. On the other hand, when DSOs fail to exercise good corporate governance, they could easily violate the laws and transform into a pyramid scheme. In 2019, two licensed DSOs, Quanjian and Hualin Suanjianping Biotechnology Co. Ltd., were punished by the Chinese authority due to poor corporate governance (Seow, 2022c). In some countries, incentive programmes that reward mere recruitment can be deemed as a violation of the laws. Thus, legitimate DSOs may turn into a pyramid scheme without good corporate governance. In countries where legislations are inadequate to distinguish the two, catastrophic consequences may arise. Indian courts interpreted the Prize Chits and Money Circulation (Prohibition) 1978 Act to declare both direct selling and pyramid scheme as illegal (Babu & Anand, 2015; Girish & Dipa, 2015). Chane (2020) submits that the current Ethiopian law has bred ambiguity in the legal implication of operating DSOs and undermines consumer protection against illegal operators. In some extreme cases, the government may issue a decree to ban direct selling completely as in the case of Myanmar (Nan, 2019). Legislative reform is necessary to enable legitimate direct selling to operate in those countries (Girish & Dipa, 2015). Singapore repeals its 1973 Act with the Multi-level Marketing and Pyramid Selling (Prohibition) Act of 2000 to ensure that the legal framework is able to deter malicious parties while enabling legitimate businesses to grow (Babu & Anand, 2015). For those countries without proper legislation to govern direct selling, reference can be made to countries like Malaysia, the US, and the United Kingdom to establish the necessary legal framework (Nan, 2019). Spain had its direct selling legislation passed in 1996 (López-Arranz & Picatostes-Novo, 2017) and China passed two legislations in 2005 to govern direct selling operators (Seow, 2022c). As the business model evolves, legislation reform must also keep up to ensure that there is a fair commercial environment for legitimate operators to prosper while deterring illegal operators. Thus, this research topic will remain relevant when the need arises. The effort of scholars can offer good references for legal reform.

Besides legitimacy issues, direct selling model also attracts scholarly attention to investigate the ethical problems that arise from this model. While legitimate DSOs are law-abiding operators, their distributors' behaviours in carrying out direct selling activities may create ethical problems (Groß & Vriens, 2019). Some scholars conclude that it is unethical for distributors to sell health products because they are not professionally qualified (Cardenas & Fuchs-Tarlovsky, 2018; Drony, 2015). Unless the laws prohibit non-professionals from selling health products and supplements, the mere fact that direct selling distributors are promoting health products to their friends does not make them unethical. Having said that, upholding a standard of business ethics is cardinal to building a sustainable and healthy commercial environment (Jones et al., 2005). Scholars can investigate the existing regulatory and enforcement framework on distributors' ethical

business conducts and suggest recommendations if needed. In 2019, thirteen government agencies carried out a 100-day scrutiny operation in China to rectify the health market disarray (Seow, 2022c). China's DSOs demonstrated full governmental cooperation throughout the exercise. Findings from these studies can offer both governments and DSOs valuable insights into cultivating a healthy and ethical environment for both distributors and consumers. Research on the efforts of DSOs in cultivating and maintaining an ethical environment and its effects can be a future research topic. Scholars can also investigate the motivation and deterrence factors of unethical behaviours.

The research theme of direct selling has also attracted Islamic scholars' attention, such as examining the direct selling model from the Islamic perspective (Yaakob et al., 2020), enhancing industry government by incorporating Islamic principles (Aldaheri et al., 2022), and evaluating Indonesian DSOs' business models from the Islamic perspective (Amilia et al., 2019; Hania & Fajaruddin, 2019). With the growth of direct selling in the Islamic world, this research topic is likely to gain more attraction. Researchers can also examine the opportunity to enhance the direct selling model with Islamic concepts and enhance the governance of distributors through Islamic principles.

5.2 Direct Selling Organisation (DSO) Level

Even though all DSOs fundamentally shared the same business model, their *modus operandi* may differ. Studies on the *modus operandi* at the DSO level can offer valuable insights to practitioners. Recent literature on this topic includes Halal SMEs (Abdullah, 2018), online and offline sales (Wait, 2019), growing app download (Aribowo & Wibasuri, 2020), international operations (Franco & Gonzalez-Perez, 2016), online persuasive phraseology used by DSOs (Rashid et al., 2016; Yunus et al., 2016), mobile learning (Chang & Lee, 2015), corporate social responsibilities initiative (Prafulla & Nath, 2019). DSOs rely heavily on distributors. Yet, distributors are independent and non-employees of DSOs. Investigation into the influencers of effective channel management, antecedents to establishing trust with distributors, and factors affecting distributors' recognition are among the many research opportunities that deserve further investigation. While distributor training is a determinant of a DSO's success (Lee & Dastane, 2019), research in this area is scarce. Different DSOs adopt different training strategies, with heavy reliance on DSO or heavy reliance on distributor leadership, and anything in between. A comparative study on the various training strategies and their impact on distributors' performance can offer great value to practitioners.

The competitiveness of an industry or a firm is paramount to its continued existence in the marketplace. The direct selling industry faces intense competition from both ends in recent years. On one hand, with the growth of the gig economy, people have more alternatives to make supplementary income (Vallas & Schor, 2020). On the other hand, e-commerce has offered consumers more avenues to secure the goods and services they desire (Fedushko & Ustyianovych, 2022). Thus, competitiveness study on direct selling models is more important than ever. Lee & Dastane (2019) attempt to establish a competitive framework for DSOs that encompass product innovation, DSO image, compensation plan, leadership, and distributor training system. Selamet et al. (2020) examine DSOs' competitiveness through network externalities, strategic agility, and human resource management practices. Thus far, no literature on the convergence of digitalisation and direct selling has been found. Even though direct selling was born in a pre-digitalisation era, many DSOs are using digitalisation to evolve and transform their business models. Some DSOs leverage digitalization to venture into international operations to become born-global companies (BGCs) (Seow, 2022d). Scientific investigations into this topic can uncover valuable insights for both academicians and practitioners.

5.3 Distributor Level

Research on direct selling *modus operandi* had been done at the industry level, the DSO level, and the distributor level. Distributors play a great important role in the success of DSOs (Purcaru et al., 2022). Valuable insights can be drawn from studies at the distributor level. Since direct selling is primarily a communication process, the effectiveness of the distributors' communication is the key to their success (Omar, 2018). Several recent papers on the communication methods used by distributors in recruiting, promoting, and selling products were found (Andriani & Marlina, 2019; Deviacita, 2022; Gumaran & Talde, 2021; Omar, 2014, 2017, 2018). In a consumer persuasion study, Andriani & Marlina (2019) investigate distributors' communication through the lens of the persuasive strategies theory by Beebe & Beebe (2012). Although various communication methods have been explored, there are research opportunities in cross-selling methods, referral soliciting, servicing and follow-up, personal and business coaching, handling objections and rejections, and making appointments. Empirical investigations using established theoretical models can further enrich the body of knowledge in direct selling.

Besides communication, other recent studies on distributors' *modus operandi* include direct selling activities in the Malaysian juggle (Ali et al., 2019), selling wine through party plans (Crittenden et al., 2021), Chinese ethnicity immigrants in Australia (Dai et al., 2017), and sales training (Zaki et al., 2017). Interestingly, Crittenden et al. (2021) use systems of provision and actor-network theory to explain the selling-consumption process of wine in a direct selling setting. The effectiveness of distributors performing direct selling activities is paramount to the success of distributors. The development process of a distributor depends heavily on on-job training and the passing down of skills and knowledge from the network leadership. Investigation into the career development process of successful distributors can offer valuable insights to both scholars and practitioners. Distributor organisations conduct their own training. The

disruption by the pandemic has popularized online training. Research efforts supported by theoretical groundings can expand the body of knowledge in this area. Other research opportunities in this topic are the discovery of the antecedents to successfully sponsoring and investigation of recruitment strategies and their outcomes. Furthermore, distributors play a dual role in direct selling, as the seller and the consumer. Under the consumer cultural theory, consumers' behaviours are influenced by the cultural context they lived (Seow, 2022b). Scholars can investigate the cultural impact on distributors when they are acting in the seller role.

Public perception of direct selling tends to win the heart of scholars. Besides consumers' perception, distributors' perception of direct selling is often investigated. Oladele et al. (2022) submit that DSOs' products significantly influence the perception of distributors. Turkey distributors find that DSOs' products are of high quality and not expensive (Cengiz, 2020). Angela (2019) discovers similar responses from Nigerian distributors. In another study, Indian distributors from different DSOs agreed that they have learned valuable skills while earning income (Vashisth et al., 2019). Veena (2014) submits that Indian women perceive direct selling as a good employment opportunity. These perceptions are directly connected to the reasons for joining DSOs. Some researchers opt to conduct scientific investigations on the influencers of joining direct selling or the selection of a DSO. At a macro level, Widmier et al. (2020) submit that direct selling has higher penetration in countries with lesser economic freedom and greater income and inequality. In the US, areas with higher direct selling penetration are those with median household income and higher self-employment share (Bäckman & Hanspal, 2022). At the individual level, among the top reasons for joining include social persuasion (Bordoloi, 2019; DeLiema et al., 2021; Jyoti, 2022), peer pressure (Khare & Verma, 2016), earnings opportunity (Bordoloi, 2019; DeLiema et al., 2021; Gbadeyan & Olorunleke, 2014; Kumar & Satsangi, 2021; Oladele & Laosebikan, 2019; Oloveze et al., 2021; Srilekha & Rao, 2016), freedom of time (Kumar & Satsangi, 2021; Srilekha & Rao, 2016), low investment (Bordoloi, 2019; Gbadeyan & Olorunleke, 2014; Kumar & Satsangi, 2021), and helping others (Jain et al., 2015). Jain et al. (2015) organised a comprehensive list of the influencers of individuals joining DSOs. Interestingly, the reasons for joining a pyramid scheme are quite similar to joining legitimate direct selling (Msosa, 2022). Company image and growth prospects are strong influencers in selecting DSOs (Jyoti, 2022; Srilekha & Rao, 2016). Furthermore, recruitment via social media seems to appeal to millennials more (Nadlifatin et al., 2021). DeLiema et al. (2021) submit that the investment and outcome of engaging in direct selling activities are correlated to the feeling of distributors. These studies have expanded the extant literature on direct selling. Studies have shown many distributors experienced disappointment, felt misled, and suffer financial losses. Yet, some of them are willing to re-join direct selling while others give up entirely. Some scholars purpose some possible explanations, including social returns, social network expansion, product discount, desire for autonomy, and monetary rewards (Bhattacharya & Mehta, 2000; Biggart, 1989; Brodie et al., 2002; Demerath et al., 1998; Groß, 2010; Liu, 2018; Sparks & Schenk, 2001, 2006). What are the real reasons? Are they different demographically and culturally? The answers can definitely add value to scholars and practitioners.

Despite understanding the motivation of joining, research on pulsing the satisfaction level of distributors is also worth studying (Purcaru et al., 2022). Several studies were initiated on this topic in recent years. (Lee & Dastane, 2019) found that product-related aspects received the highest satisfaction score among other facets of the business. The recruitment experience (process and method), support from upline, products, and services were found to be antecedent to Malaysian distributors' satisfaction (Lee et al., 2016; Lee & Loi, 2015). A similar study in Afghanistan reveals that support from the upline and the recruitment process are not significantly related to distributors' satisfaction, but perceived training quality is an influencer (Mansouri & Unanoğlu, 2022). Such mixed results could be caused by cultural differences and the selection of participants. Satisfaction is greatly influenced by expectation (Cardozo, 1965) and since different distributors joined due to different motivation factors, the selection of participants may influence the research outcome. A satisfaction study is closely related to a retention study as satisfied distributors are likely to stay longer in the business (Koroth, 2014). In another study, the relationship between satisfaction with the compensation plan and retention was thoroughly investigated (Palma, 2021). Despite all these scholarly efforts, there lie great research opportunities on this topic. Besides uncovering unmet expectations that create the intention to leave (Koroth, 2014), what are the other influencers of retention? In countries where direct selling is matured, individuals could have joined several DSOs before settling down with one. These individuals can shed light on this topic.

The study on the performance of distributors is one of the most popular research topics in recent years. Earlier, the literature suggests that distributors' qualities like zeal, empathy, a positive outlook, communication, passion, and ethical behaviour are fuel for business growth (Williams et al., 2009). Distributors are individuals who demonstrate innovation qualities inherent in using creativity to pursue a successful business (Bhattacharya & Mehta, 2000). Distributors have high intrinsic motivations (Groß, 2010) to support their pursuit of entrepreneurship (Lin, 2007; Sparks & Schenk, 2001). With these as the foundations, many scholars attempted to discover other antecedents to a distributor's success in recent years. Lerkjarijumpon et al. (2013) submit that compensation plans and support systems are strong influencers to the success of distributors. Li et al. (2016) uncover nine business competencies from middle-level distributors in China. Besides knowledge, skills, and attitude, self-motivation, leadership, entrepreneurship, and business ethics are the key competencies involved. The findings of Siahaan et al. (2018) supported the importance of entrepreneurship, namely entrepreneurial commitment, entrepreneurial motivation, and entrepreneurial competency, in influencing distributors' success. However, Siahaan et al. (2014) found that entrepreneurial competency is partially unrelated to career success. The impact of leadership on distributors' success was further investigated in (Tsui & Lee, 2018). Dai et al. (2017) describe

distributors as entrepreneurs. Since entrepreneurship is cardinal to distributors' success, Gulabdin et al. (2020) propose a personality trait framework based on existing entrepreneurs' personality trait model to investigate the traits of distributors (Seow, 2022a). In another study, Tornillo et al. (2019) use the DISC model (dominance, influence, stability, and compliance) to investigate the success contributors of a distributor. The real challenge in this research topic lies in defining success. Different individuals perceive success differently (Heslin, 2005). Even though career success is a long-standing construct (Hughes, 1958; Parsons, 1909), it is not a straightforward application (Heslin, 2005). Different DSOs implement different compensation plans with different rank structures. The development of a universe framework to define different levels of distributors' success can enable the mapping of various scientific studies.

5.4 Consumer Level

The study on consumer perceptions of direct selling started in the 1970s in the US (Jolson, 1971). Public perception of direct selling can influence the joining as distributors and purchasing of products marketed by DSOs. In recent years, investigations on consumers' perceptions and buying decisions were done in several countries, such as Indonesia (Bhattacharjee, 2016) and Russia (Ivashkova et al., 2018). However, Poon & Albaum (2019) argue that the present study cannot reveal conclusive findings on Chinese consumer trust in direct selling and internet marketing. Sun & Zhao (2020) investigated consumers' perception of DSOs' brand image and found that consumers generally have a positive impression of DSOs' brand. Similar findings were found with Malaysian online consumers such as by Rusli & Ibrahim (2021). According to Masriani & Sanica (2022), a positive brand image can translate into brand trust which can influence consumers' buying interest. Attributing a positive image to DSOs does not mean consumers like the selling method of distributors. While Pir & Karaduman (2017) find that environmental consciousness is positively related to the repurchase decision, but conspicuous consumption is not related to the repurchase decision. Also, it was found that good product experience can translate to referral in Nigerian consumers (Angela, 2019). A study by Makni (2015) reveals that purchasers of DSOs' products have a better perception of direct selling and distributors, higher repurchase intention, and a higher likelihood to join as distributors compare to non-purchasers. Yan & Ng (2020) reveal that buying decision is influenced by status, price, and influence by others, but not by product attributes. This explains why consumers who regularly purchase DSOs' products are likely to sign up as distributors to enjoy member prices. Even though this research topic gains substantial scholarly attention, in-depth studies on the influencers of buying and repurchasing DSOs' products, the deterrence behaviours of distributors in buying decisions, and consumers' experiences are lacking.

6. Conclusion

Direct selling is an internationally proven business model with more than 130 years of history. This research theme has always captured scholarly attention in many different ways. Due to many factors, direct selling has always been a controversial business model not only for individuals but also for governments around the world. Direct selling has always been a victim of ambiguity and misunderstanding. The terminological diversity contributes further to its ambiguity. There was extant literature attempting to clear the mist surrounding this theme and collectively they shed light on this issue. In this paper, the extant literature on this research theme was reviewed. These scholars' works can be categorised into four different levels, industry level, DSO level, distributor level, and consumer level. Even though there was extensive research conducted on multiple topics, there are still large research opportunities to enrich the body of knowledge in this research theme. While this paper scrutinises works done in the past ten years, this analysis is still limited to the selection process.

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