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A Study on the Problem of Unemployment and Underemployment during Pandemic Era with respect to the Direct Selling Industry (Amway) in the Mirzapur and Prayagraj Districts

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Abstract:

This research investigates the potential of Amway Direct Selling as a solution for unemployment and underemployment in using data collected from 100 respondents in Mirzapur and Prayagraj city of Uttar Pradesh. Existing research on direct selling in India highlights its potential for income generation and empowerment. Studies have explored the motivations of direct sellers, including financial independence, flexibility, and entrepreneurship. However, research also points to challenges such as competition, customer acquisition, and regulatory uncertainties. This paper aims to contribute to the existing literature by providing empirical data on the experiences of Amway Direct Sellers in Mirzapur and Prayagraj of UP, focusing on the relationship between direct selling and unemployment/underemployment. It will also examine the socio-economic profile of participants and analyze the perceived benefits and challenges associated with this form of employment. The study analyzes the socio-economic profile of participants, their motivations, challenges, and perceived benefits, providing insights into the role of direct selling in the Indian economy and offering data-driven recommendations.

Key Words: Direct Selling, Amway, MLM (Multi level Marketing), Underemployed and Unemployed.

Introduction:

Unemployment and underemployment of citizens are significant challenges in the India during Pandemic. While traditional employment system struggles to absorb the growing workforce, different alternative concepts like direct selling have evolved as potential income-generating opportunities. This research explores the role of direct selling in addressing unemployment and underemployment in Mirzapur and

Prayagraj city, investigating the experiences and perspectives of individuals engaged in this sector. It aims to understand the factors that drive individuals to join direct selling, the challenges they face, and the impact direct selling has on their livings.

Nature of Direct Selling:

Amway Direct selling operates on a model where independent distributors sell products or services directly to consumers, often building networks of other distributors to expand their reach. This model can be attractive to individuals seeking flexible work arrangements and entrepreneurial opportunities, especially those who are unemployed or underemployed. The potential for earning income through commissions and bonuses can be attractive, particularly in contexts where traditional employment options are very limited. However, the success of direct selling ventures hinges significantly on factors beyond the control of individual distributors, such as product marketability, company support, and the overall economic environment. Further, the line between legitimate MLM and fraudulent pyramid schemes can be blurry, leading to financial losses for unsuspecting participants. The lack of clear understanding of the concept of MLM, often conflated with pyramid schemes, further complicates the situation.

Experience of Direct sellers:

Experiences of direct selling distributors in India are diverse and often depend on a number of factors. While some distributors report achieving financial success and building sustainable businesses but many others struggle to generate significant income. A study in Nigeria, for instance, revealed a low success rate among participants in Direct selling schemes. The compensation structure, entry fees, and product quality all play a big role in determining the success or failure of distributors. Furthermore, the level of support provided by the upline management and the company itself can significantly influence the distributor's experience. The quality of products and the effectiveness of marketing strategies are also critical factors that influence the overall success of distributors.

Regulations in Direct Selling:

The regulatory environment surrounding direct selling in India is another crucial aspect to consider. While the government has made efforts to regulate the sector to protect consumers from fraudulent schemes, inconsistencies and loopholes. The lack of stringent regulations can lead to the proliferation of pyramid schemes disguised as legitimate MLM ventures.

Economic context in India:

The economic system of India, with its high percentage of unemployment and underemployment, provides ground for the growth of direct selling opportunities. People living in rural areas, lack accessibility to traditional employment opportunities and may view Amway Direct Selling as a viable alternative. The appeal of flexible work arrangements and the potential for self-employment are particularly attractive in a context where job security is often limited. The economic downturn can attract individuals towards direct selling.

Comparison with different sectors:

Direct selling with other sectors in India regarding job creation and income generation is essential for a complete assessment. The dairy sector, for example, provides another avenue for employment and income generation, particularly in rural areas. However, even in this sector, challenges exist, such as income inequality and the need for government incentives to support farmers. The aromatic and medicated plant sector also presents opportunities for employment and income generation, particularly in states like Uttarakhand. However, challenges persist in supply chain and ensuring that cultivators receive maximum benefits. The comparison highlighted that direct selling is not only a unique solution, and its effectiveness needs to be discussed within the concepts of more economic activities.

Marketing Strategies and consumer perceptions:

Analyzing online reviews and social media sentiments can provide valuable insights into consumer perceptions of products and services. The use of effective marketing strategies, along with the quality of products and services, are key to attracting and retaining distributors and customers.

Literature Review:

This section reviews existing literature relevant to direct selling, its impact on employment, and related socio-economic factors. It examines various perspectives, from the experiences of individual distributors to the broader economic implications of this business model.

Brodie et al. (1998) highlight the role of direct selling in providing self-employment opportunities, particularly for those transitioning from traditional employment, including the underemployed. Their work emphasizes that direct selling is often undertaken by self-employed independent contractors, frequently women working part-time. They also categorize these individuals as micro-small businesses in their nascent stages, noting that some transition to self-employment without necessarily having entrepreneurial aspirations, sometimes maintaining ties with previous employers. This research provides a

foundation for understanding the demographics and motivations of individuals involved in direct selling.

Stanworth et al. (2004) explored the trend of declining small businesses with employees alongside the growth of self-employment in the UK. Their study identified a substantial number of self-employed "independent contractors" operating within the direct selling industry, constituting a significant portion of the "invisible economy." The increasing use of direct selling as a distribution format by large companies underscores the need for a deeper understanding of this system, a point particularly relevant to this study's focus on India. This research helps contextualize the growth of direct selling within broader economic trends.

Merlin (2012) presents a case study of a Mary Kay Independent Sales Director, illustrating the personal journey and decision-making process involved in pursuing a direct selling career. This case study provides valuable insights into the motivations, challenges, and potential rewards of direct selling, focusing on a specific company and individual experience. It also serves to differentiate direct selling from pyramid and Ponzi schemes, a crucial distinction for understanding the legitimacy and potential of this business model. This case study complements the broader research by offering a micro-level perspective on the realities of direct selling.

Bordoloi (2019) examines the growing popularity of Multi-Level Marketing (MLM) in India, particularly in the context of rising unemployment. The research highlights the increasing number of individuals attracted to MLM since the 1990s and aims to investigate the factors that motivate people to join MLM businesses, as well as the overall impact of MLM on employment generation. This study directly addresses the core concerns of the present research, providing a valuable framework for understanding the role of direct selling in the Indian context.

Objectives of the Study:

1. Amway Direct Selling impact on career of young people of Mirzapur and Prayagraj.
2. Evaluation of present state and growth of Amway's Direct selling.
3. Identifying upcoming opportunities and potential growth areas in Direct Selling industry.
4. Explore skill development and entrepreneurial opportunities in the industry.

Research Methodology:

Data Collection: A structured questionnaire was administered to 100 individuals engaged in Amway's direct selling across Mirzapur and Prayagraj.

The survey was conducted Online, In-person, over a period of two months October-November, 2024. The questionnaire included sections on:

- Demographics (age, gender, education, location, employment status)
- Motivations (income, flexibility, entrepreneurship, personal development)
- Income (current income from direct selling, changes in income since joining)
- Perceived Benefits (financial, skill development, networking)
- Challenges (competition, customer acquisition, product knowledge, regulatory issues)

Sampling: Convenience sampling was used to recruit participants. While the sample size of 100 provides preliminary insights, it is important to acknowledge the limitations in generalizability due to the sample size and sampling method.

Data Analysis: Descriptive statistics (frequencies, percentages, means, and standard deviations) were used to summarize the data. Microsoft Excel was used for data analysis. Cross-tabulations and correlation analysis were performed to explore relationships between variables. (e.g., relationship between education level and income earned from direct selling).

Results:

Demographics: 60% of respondents were female, 40% male. The average age was 35 years. 50% had a college degree, 30% had a high school diploma, and 20% had lower levels of education. 70% resided in urban areas and 30% in rural areas.

Table 1: Demographic Profile of Respondents

Characteristic	Category	Frequency	Percentage
Gender	Female	60	60%
	Male	40	40%
Age	25-34	35	35%
	35-44	40	40%
	45+	25	25%
Education	High School	30	30%
	College Degree	50	50%
	Post Graduate	20	20%
Location	Urban	70	70%
	Rural	30	30%

Motivations: 46% of respondents cited "supplemental income" as a primary motivator, 28% cited flexibility, 14% cited entrepreneurship, and

12% cited personal development.

Table2 : Primary Motivations for Joining Amway Direct Selling

Primary Motivations for Joining Direct Selling	Frequency	Percentage
supplemental income	46	46%
flexibility	28	28%
entrepreneurship	14	14%
personal development	12	12%

Income: 20% earned less than ₹5,000 per month, 40% earned between ₹5,000 and 15,000, 30% earned between ₹15,000 and ₹30,000, And 10% earned more than ₹30,000.

Table 3: Income Levels from Direct Selling

Income Range	Frequency	Percentage			
< 5,000	20	20%			
5,000 - 15,000	40	40%			
15,000 - 30,000	30	30%			
> 30,000	10	10%			

Challenges: Customer acquisition" was the most frequently cited challenge (40%), followed by competition (30%), product knowledge (20%), and regulatory issues (10%).

Table 4: Challenges Faced by Amway Direct Sellers

Challenges faced by Direct Sellers	Frequency	Percentage
Customer Acquisition	40	40%
Competition	30	30%
Product Knowledge	20	20%
Regulatory Issues	10	10%

Perceived Benefits: "Improved communication skills" (20%) and "increased self-confidence" (10%) were commonly cited benefits, followed by "Community/Networking opportunities" (10%) and "financial independence" (60%).

Table 5: Perceived Benefits of Amway's Direct Selling

Perceived Benefits of Direct Selling	Frequency	Percentage
Improved communication skills	20	20%
increased self-confidence	10	10%
Community/Networking opportunities	10	10%
financial independence	60	60%

Discussion:

Demographics and Motivations: The demographic profile of respondents suggests a predominance of women (60%) in Amway direct selling, with a relatively even distribution across age groups (25-34: 35%, 35-44: 40%, 45+: 25%). This aligns with existing literature (e.g., Brodie et al., 1998) that often identifies women as a significant demographic in direct selling, potentially due to the flexibility it offers. The fact that 50% of respondents hold a college degree suggests that direct selling is attracting individuals with diverse educational backgrounds, not just those with limited formal education. This could indicate that even educated individuals are seeking alternative income opportunities in the current economic climate. The strong motivation for supplemental income (46%) indicates that for many, direct selling serves as a means to augment existing income rather than replace it entirely. This could be due to various factors, such as the need to meet rising living costs, pursue personal financial goals, or bridge gaps in income from other sources. This finding is *partially* consistent with the broader trend of individuals seeking flexible work arrangements, but the emphasis on supplemental income suggests that full-time self-employment through direct selling might not be the primary goal for many respondents.

Challenges and Opportunities: The challenges faced by Amway direct sellers highlight the competitive nature of the industry and the difficulties in customer acquisition (40%). This reinforces the need for effective sales and marketing skills, product knowledge (20%), and potentially, a strong support system within the direct selling company. The competition (30%) may also point to market saturation in certain product categories or aggressive sales tactics employed by some distributors. The regulatory issues (10%) faced, though less frequent, suggest that clarity and stricter enforcement of regulations are needed to protect both consumers and legitimate direct sellers. Potential strategies for overcoming these challenges include enhanced training programs focusing on sales techniques, digital marketing, and product knowledge. Direct selling companies could also invest in developing high-quality, differentiated products and providing better support systems for their distributors. Clearer regulatory guidelines and more effective enforcement can create a more level playing field and reduce the risks associated with fraudulent schemes. Amway Direct selling offers opportunities for individuals to gain entrepreneurial experience, develop valuable sales and communication skills, and build networks. The flexibility inherent in the model can be particularly attractive to individuals seeking work-life balance or those with care giving responsibilities.

Direct Selling and the Economy: The findings of this study have implications for understanding the role of direct selling in the economy, particularly in addressing unemployment and underemployment. While the study suggests that Amway direct selling can provide supplemental income and offer flexible work opportunities, its overall impact on large-scale unemployment reduction remains to be seen. The challenges faced by Amway's direct sellers, such as customer acquisition and competition, highlight the need for a more structured approach to supporting this sector. Direct selling can contribute to economic activity at the micro-level by generating income for individuals and stimulating local economies. However, its contribution to the broader economy needs further investigation. Policies that support skill development, provide access to finance for small direct selling businesses, and ensure a clear regulatory framework could enhance the positive impact of direct selling on the Indian economy. Further research is needed to assess the long-term sustainability and growth potential of Amway direct selling in Mirzapur and Prayagraj and its contribution to overall employment generation.

Conclusion:

Amway's Direct selling in Mirzapur and Prayagraj offers supplemental income and flexible work, particularly for women. Motivations for joining Amway are primarily financial, followed by flexibility and entrepreneurship. Benefits include skill development and networking, but challenges include customer acquisition and competition. Direct selling can contribute to local economies, but its impact on large-scale unemployment needs further study. A clear regulatory framework is essential to protect consumers and businesses. Further research should explore long-term sustainability, employment generation, and the effectiveness of support programs. A deeper understanding of consumer perceptions and technology's role is also needed.

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