

Challenges and Opportunities of Human Resource Empowerment in Network Marketing: An Analysis of Informal and Experiential Training

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ABSTRACT

Network marketing has experienced significant growth in recent years as an emerging business model in Iran. A critical component in the development of this model is the portrayal of success through social media, motivational events, and personal narratives of financial freedom and luxurious lifestyles. This study adopts a mixed-methods approach to investigate the impact of success imagery on psychological motivation and participation behavior in network marketing. In the qualitative phase, grounded theory methodology was employed, involving interviews with 15 active participants and analysts in the field. Data analysis was conducted in three stages open, axial, and selective coding revealing that success imagery serves not only as a tool for recruitment but also as a factor contributing to frustration and early withdrawal from the activity. In the quantitative phase, data were collected via a standardized questionnaire from 384 participants and analyzed using confirmatory factor analysis (CFA). The quantitative findings indicated that factors such as “portrayal of a luxurious lifestyle,” “promises of rapid success,” and “sense of belonging to a motivational community” had the highest factor loadings. The final research model demonstrates that success imagery functions as a dual-edged motivational strategy: it stimulates motivation and attracts individuals, yet it can lead to distrust and psychological failure when promises remain unfulfilled. This study underscores the psychological and social consequences of unrealistic representations, emphasizing the need for transparent advertising, pre-membership education, and oversight of media content.

KEYWORDS: Network Marketing, Success Imagery, Psychological Motivation, Confirmatory Factor Analysis

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1. Introduction

Network marketing is a contemporary marketing approach that supports organizations in expanding their businesses across both business-to-business and consumer-to-consumer platforms, shaping the customer lifecycle curve (İsoraité, 2020). Modern societies require the institutionalization of an entrepreneurial culture to foster entrepreneurial activities. Entrepreneurship, in this context, refers to the utilization of resources to seize opportunities for progress and development (Hailing & Gerhard, 2020). Network marketing is a business model reliant on person-to-person sales by independent representatives, often operating from home (Hailing & Gerhard, 2020). The marketing environment encompasses actors and non-marketing forces that influence marketing efforts to build successful relationships with target customers (Shepherd et al., 2019).

Network marketing, also known as multi-level marketing (MLM), is a direct-selling business model in which individuals earn income through product sales and the recruitment of other marketers. This model has rapidly expanded, particularly in developing countries, where it is promoted as an opportunity for individual entrepreneurship and passive income generation (Biggart, 1989; Albaum & Peterson, 2011). In Iran, over the past two decades, the growth of network marketing companies has been significant, particularly following the issuance of official permits in recent years (Heidari et al., 2020). A central component in the development of this model is the portrayal of success by network marketers and leaders. This imagery is often reproduced through social media, promotional videos, motivational seminars, and group meetings, depicting luxurious lifestyles, time freedom, financial independence, and frequent travel as outcomes of engaging in this business (Cahn, 2006; Yousefi et al., 2021). Such portrayals play a significant role in stimulating psychological motivation and attracting new participants to these networks, particularly among young people, students, and homemakers seeking rapid improvements in their economic status (Keep & Nat, 2014; Alavi & Bigdeli, 2019). However, critical studies have highlighted that these portrayals are often accompanied by exaggeration and unrealistic representations, creating a gap between promises and operational realities in network marketing (Taylor, 2012). Individuals who join these systems, motivated by such imagery, frequently encounter intense pressure to recruit others, inadequate training, intra-organizational competition, and unethical structures, which in many cases lead to frustration, disengagement, or financial loss (Bromley, 1998; Faraji et al., 2022). Given the research gap in the domestic literature regarding the socio-psychological critique of success imagery in MLM and its consequences, this study employs a grounded theory approach to explore the role of such imagery in the recruitment process and its resulting behavioral outcomes. The central research question is: “What role does success imagery play in stimulating psychological motivation and individuals’ decisions to join network marketing, and what are its individual and organizational consequences?”

2. Theoretical Foundations and Research Background

In reviewing the theoretical literature on network marketing, two conceptual domains stand out more prominently than others: first, theories related to individual motivation and decision-making, and second, the concept of social representation and imagery in media. The integration of these two domains provides a suitable framework for analyzing the role of success imagery in recruiting personnel to network marketing. From a theoretical perspective, expectancy theory, proposed by Victor Vroom, posits that individuals engage in an activity when they anticipate that their performance will lead to desirable rewards (Vroom, 1964). In the context of network marketing, this expectancy is often cultivated through glamorous depictions of financial success, temporal independence, and an ideal lifestyle (Yousefi et al., 2021). These images offer individuals a form of "implicit promise" that with minimal effort, they can achieve wealth and freedom. On the other hand, representation theory, developed by Stuart Hall and other cultural studies thinkers, helps us understand how imagery in network marketing reproduces the social construction of meaning and reality (Hall, 1997). In this model, network leaders and marketing companies construct a semantic hegemony through the repeated representation of a specific style of success, where achievement is defined by criteria such as luxury cars, international travel, and speaking at conferences (Cahn, 2006). Similar international studies have also highlighted the impact of such images on individuals' motivation and decision-making. For instance, Keep and Nat (2014) demonstrate that success imagery serves as a tool to mask the inherent risks of the MLM model. Taylor (2012) emphasizes that the use of motivational and emotional strategies is more psychological in nature than genuinely informative. In Iran, conducted research has primarily focused on describing participants' motivations or evaluating the economic aspects of the network marketing model. Alavi and Bigdeli (2019) showed that success imagery on social networks is a key factor in attracting youth to network marketing. Faraji et al. (2022) also, in a qualitative study, examined the pathology of this type of imagery and identified it as a factor in reducing loyalty and increasing dropout rates among new recruits. Based on the review of prior studies, it can be stated that although success imagery plays a fundamental role in recruitment, few studies have analyzed it from a socio-psychological critique perspective using a grounded theory approach. The present research aims to fill this gap by conducting an in-depth examination of this phenomenon within Iran's cultural and social context.

3. Research Methodology

The present study is applied in purpose and qualitative in approach, utilizing the Grounded Theory method. This method is well-suited for analyzing emerging social phenomena with complex structures and multilayered meanings due to its exploratory nature (Strauss & Corbin, 1998). In addition to the qualitative component, quantitative data were collected through a standardized questionnaire administered to 384 respondents across the country. These data were analyzed using SPSS 23 software and confirmatory factor analysis (CFA). The objective of this

quantitative phase was to evaluate the significance of key components of success imagery and psychological motivation from the perspective of the audience. The results of these analyses helped validate the theoretical dimensions of the qualitative model.

The study population comprised experienced individuals, active participants, and analysts in the field of network marketing in Iran. Participants were selected using theoretical sampling, where individuals were chosen based on their ability to contribute to the theoretical richness of the study. In total, 15 experts with characteristics such as at least three years of experience in network marketing, a history of recruiting others, or expertise in studying and analyzing this field were selected, and semi-structured interviews were conducted with them. The selection process continued until theoretical saturation was achieved.

The primary data collection tool was semi-structured interviews, based on a designed interview protocol consisting of open-ended questions regarding personal experiences, reasons for joining network marketing, perceptions of success, and the impact of promotional content. The interviews lasted an average of 45 minutes, were recorded with the participants' consent, and subsequently transcribed.

Data analysis was conducted in three stages:

1. **Open Coding:** Extraction of 120 initial concepts from the interviews.
2. **Axial Coding:** Classification of concepts into intermediate categories using a paradigm of causal conditions, intervening conditions, contextual factors, strategies, and consequences.
3. **Selective Coding:** Development of the core theory centered around "success imagery as a motivating and frustrating factor."

To enhance accuracy, the study employed member checking and simultaneous coding by two researchers to ensure the validity and reliability of the results.

All interviewees participated voluntarily, and the confidentiality of their information was fully maintained. Additionally, the study received ethical approval from the relevant university.

4. Findings

Based on the analysis of data derived from 15 semi-structured interviews and utilizing the three-stage coding process of Grounded Theory, a total of 120 initial codes were extracted, which were categorized into 7 main categories. Ultimately, a core theme was identified as "success imagery as a driver of recruitment and a trigger for frustration."

Open Coding: Initial Concepts In the first stage, the most significant initial concepts extracted included the following:

- Imagery of success involving international travel, luxury cars, and passive income

- Sense of belonging to motivational groups
- Recruitment driven by psychological motivation and escape from unfavorable economic conditions
- Unrealistic promises
- Frustration following inability to recruit others
- Constant comparison with network leaders
- Concealment of challenges in introductory sessions
- Structural pressure to maintain the image of success

Axial Coding: Intermediate Categories The initial codes were grouped into the following categories:

Table1. Key Concepts and Axial Category

Key Concepts	Axial Category
"Luxurious lifestyle, financial freedom, personal branding, use of impactful narratives",	Success Imagery
"Escaping unemployment, desire for recognition, hope for high income social pressure"	Psychological Motivations for Entry
"Emphasis on success stories, portraying a golden opportunity, presenting a challenge-free image"	Recruitment Strategies
"Pressure to recruit, control over members' behavior, comparison with leaders, sales rank analysis"	Structural Pressures in the Network
"Disappointment from unfulfilled promises, gap between promotion and reality, emotional frustration"	Real Experience After Entry
"Exaggerated representation, visual role-modeling, media pressure to appear successful"	Role of Media and Social Networks
"Withdrawal from activity, silence or regret, reluctance to share real experiences"	Outcome of Participation

Selective Coding: Core Theory The axial analysis revealed the core theoretical proposition of this study: "Success imagery functions as a dual-edged motivational strategy; on one hand, it stimulates and attracts new recruits, while on the other, when misaligned with operational realities, it leads to frustration, distrust, and withdrawal from activity."

Derived Conceptual Model Based on Strauss and Corbin's axial coding paradigm, the following conceptual model was developed:

- **Causal Conditions:** Economic challenges, job dissatisfaction, social pressure
- **Core Phenomenon:** Exaggerated success imagery
- **Contextual Conditions:** Proliferation of social media, lack of formal training
- **Intervening Conditions:** Pressure from leaders, competitive MLM structure
- **Strategies:** Motivational advertising, portrayal of a dream lifestyle, lack of transparency about challenges

- **Consequences:** Uninformed entry, psychological failure, withdrawal from activity, cynicism toward entrepreneurship

The results of this study provide a clear picture of how the phenomenon of success imagery operates in network marketing. The data extracted from the interviews indicate that success imagery is not merely a promotional tool but also a structural and strategic element within multi-level marketing networks.

1. Success Imagery: A Strategy for Stimulation and Concealment According to the findings, individuals are primarily influenced by seductive images of success before entering network marketing, images that significantly diverge from reality. This process, as articulated in representation theory (Hall, 1997), facilitates the production and reinforcement of meanings in the public mind—meanings often instilled through depictions of a specific lifestyle (e.g., cars, travel, financial freedom). However, post-entry, a gap between the portrayed image and reality emerges. Individuals realize that the success achieved by leaders is often due to early entry or a privileged position within the hierarchical structure, rather than the model being simple and universally achievable. This finding aligns with studies by Taylor (2012) and Bromley (1998), which point to inequalities in access to success within the MLM structure.

2. Psychological, Not Merely Economic, Motivations A significant aspect of the findings is the prominence of psychological and identity-related motivations in individuals' decisions to join this domain. Many participants acknowledged that beyond economic needs, the desire for belonging, recognition, and meaning drove them toward network marketing activities. This finding is consistent with concepts in Vroom's motivation theory (1964) and self-determination theory.

3. Failure to Fulfill Promises and Psychological Consequences Subsequently, when promises are not fulfilled, and individuals fail to recruit others or achieve sales, an experience of failure emerges. Given the psychological weight of the initial imagery, this failure is perceived not only as economic but also as identity-related and emotional. The data revealed that many participants experienced frustration, anxiety, and in some cases, depression. This suggests a lack of psychological and cognitive preparedness to confront the realities of MLM, highlighting the need for stricter oversight of recruitment and training practices.

4. Collective and Organizational Consequences At a macro level, these imageries contribute to public distrust in new business models and entrepreneurship. This could have irreparable effects on the future of collaborative innovations and the digital economy in the country. Therefore, it is recommended that policymakers, regulatory bodies, and legislators develop ethical frameworks and transparent information dissemination in this domain.

Alignment with Quantitative Findings In the quantitative phase of the study, data were collected through a questionnaire comprising indicators identified in the qualitative phase, from a sample of 384 active network marketing participants across various regions of Iran. The data were analyzed using SPSS 23 software and confirmatory factor analysis (CFA). Statistical analysis indicated that indicators such as “portrayal of a luxurious lifestyle,” “emphasis on success without effort,” and “depiction of financial independence” had the highest factor loadings among the measured variables (factor loadings above 0.75). The KMO test for sampling adequacy yielded a value of 0.887, and Bartlett’s test showed a significant value of 0.000, indicating the suitability of the data for factor analysis. Subsequently, four main factors with the highest explained variance were identified:

- **Factor 1:** Media portrayal of success (explaining 31% of variance)
- **Factor 2:** Unrealistic expectations of rapid income generation (explaining 24% of variance)
- **Factor 3:** Sense of belonging to a motivational community (explaining 18% of variance)
- **Factor 4:** Distrust following exposure to realities (explaining 12% of variance)

Table2. Factors Extracted from Confirmatory Factor Analysis and Factor Loadings

Row	Key Indicator	Factor Loading	Conceptual Factor
1	Depiction of a Luxurious Lifestyle (Cars, Travel, Passive Income)	0.81	Media Portrayal of Success
2	Depiction of Time Freedom and Personal Branding	0.78	Media Portrayal of Success
3	Promises of Rapid Success Without Effort	0.76	Unrealistic Expectations of Quick Earnings
4	Influence of Motivational Speeches and Groups	0.74	Sense of Belonging to a Motivational Community
5	Realization of the Gap Between Promises and Operational Realities	0.72	Distrust After Engagement
6	Feelings of Regret and Abandonment of Activities After a Short Period	0.70	Distrust After Engagement

Based on the results of the confirmatory factor analysis, four primary conceptual factors were identified among the indicators related to the portrayal of success in network marketing. These factors include "Media Portrayal of Success," "Unrealistic Expectations of Quick Earnings," "Sense of Belonging to a Motivational Community," and "Distrust After Engagement." The highest factor loading was associated with the indicator "Depiction of a Luxurious Lifestyle Including Cars, Travel, and Passive Income" with a value of 0.81, which falls under the "Media Portrayal of Success" factor. This indicates that audiences are primarily influenced by media representations of success. Additionally, indicators such as "Depiction of Time Freedom," "Promises of Effortless Success," and "Motivational Speeches" also exhibited significant factor loadings, confirming the critical role of media and individual narratives in fostering high expectations for this business model.

Conversely, indicators such as "Realization of the Gap Between Promises and Reality" and "Feelings of Regret and Abandonment of Activities," which fall under the "Distrust After Engagement" factor, point to the potential harms of exaggerated portrayals. These factors suggest that while the portrayal of success attracts individuals, unfulfilled promises can lead to disillusionment and withdrawal from activities.

The statistical results also support the adequacy of the model. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.887, and Bartlett's test of sphericity was significant at the 0.000 level, confirming the suitability of the sample and the correlation structure among variables for factor analysis. Furthermore, the four extracted factors collectively accounted for over 85% of the total variance, indicating the model's strong explanatory power.

These findings suggest that the portrayal of success is the most influential factor in individuals' initial decisions to engage in network marketing. However, discrepancies between initial expectations and operational experiences increase the likelihood of disillusionment and abandonment. The quantitative findings align with the qualitative results. The confirmatory factor analysis revealed that components such as "Depiction of a Luxurious Lifestyle," "Emphasis on Financial Independence," and "Stimulation of a Sense of Group Belonging" had higher factor loadings (above 0.75), underscoring their significance in shaping perceptions of success. Additionally, the KMO and Bartlett's tests further confirmed the adequacy of the sample and the appropriateness of the factor analysis.

5. Discussion and Conclusion

This study, conducted using grounded theory methodology, aimed to analyze the role of success imagery in the process of attracting individuals to network marketing. Findings indicate that success imagery functions not merely as a promotional tool but as a potent psychological and social motivator, stimulating individuals' inclination to enter this business model. However, in many cases, such imagery is misaligned with the operational realities of network structures, ultimately leading to perceptual gaps, disillusionment, and participant attrition. The core category extracted from the data is: "Success imagery as a dual-edged motivational strategy: on one hand, serving as a recruitment driver; on the other, becoming a source of disillusionment and psychological consequences when promises remain unfulfilled." This conclusion serves as a serious warning regarding prevalent promotional approaches in network marketing in Iran, particularly among youth, students, and homemakers. These findings are consistent with the quantitative statistical analysis, especially where the highest importance was assigned to components related to idealized lifestyle, the suggestion of golden opportunities, and financial promises—variables that carried the greatest weight in factor analysis.

The findings of this study further reveal that entrepreneurs in network marketing prioritize opportunities based on feasibility, emerging markets, and unmet customer needs (Kuratko, 2017). Additionally, access to support services, production resources, and outsourcing capabilities are

critical factors (Morris et al., 2013). These findings align with existing entrepreneurship literature, which emphasizes the importance of identifying sustainable market opportunities and leveraging available resources (Shane & Venkataraman, 2012). The study also identifies key challenges faced by network marketing entrepreneurs, including environmental changes, shifts in business models, and job security concerns (Gartner, 1985). To overcome these challenges, experts recommend identifying favorable conditions, efficiently sourcing products, and effectively utilizing resources (Baker, 2017). These findings highlight the necessity for network marketing entrepreneurs to remain adaptive and proactive in response to dynamic market conditions.

The concluding model of this study, based on findings from published academic literature, demonstrates that network marketing provides entrepreneurs with opportunities to develop and innovate their businesses (Hanfer, 2021). The impact of the network marketing platform on entrepreneurs, and the effect of network marketing on innovation and business creation, ranked first and second respectively, and were empirically validated (Hadland, 2017). Overall, this study enhances our understanding of entrepreneurial opportunities and challenges within the context of network marketing and offers valuable insights for entrepreneurs, policymakers, and researchers.

Support for Critical and Interdisciplinary Research: Universities, research centers, and policymakers should be encouraged to support interdisciplinary research on network marketing from psychological, sociological, and behavioral science perspectives. To mitigate risks arising from unrealistic imagery in network marketing, it is essential to establish a balance between the model's superficial appeal and its realistic transparency. Otherwise, this structure may become an instrument for spreading dissatisfaction, psychological failure, and erosion of social capital. The conceptual model presented herein was derived through qualitative analysis and subsequently validated quantitatively via factor analysis, thereby strengthening the theoretical robustness of the findings.

Establishment of a Comprehensive Advertising Transparency System: Mandatory guidelines should be developed for network marketing companies to ensure information transparency, prevent exaggerated promises, and clearly disclose actual income structures.

Mandatory Formal Education Prior to Membership: A brief yet comprehensive educational course should be required prior to individual enrollment in network marketing companies, covering actual income structures, recruitment challenges, and legal considerations.

Monitoring Motivational and Promotional Content on Social Media: Regulatory bodies should be established to monitor visual messages disseminated on social media platforms for recruitment purposes, aiming to reduce unrealistic representations.

Psychological and Economic Empowerment of Target Groups: Initiatives should be developed in the domain of genuine entrepreneurship, including technical skills training and support for micro-business startups, to prevent psychological dependency on models such as MLM.

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ETHICAL CONSIDERATION

Authenticity of the texts, honesty and fidelity has been observed.

CONFLICT OF INTEREST

Author/s confirmed no conflict of interest.