

# ANTECEDENT VARIABLES INFLUENCING THE EFFECTIVENESS OF DIRECT SELLING BUSINESS IN BANGKOK

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## ABSTRACT

The direct sales network business is a new type of marketing with rapidly growing. However, the lack of business ethics will lead to problems of Ponzi scheme issues, which will cause serious damage. The objectives of this research were to: 1) study the level of effectiveness of the direct selling business in Bangkok, standard service excellence, creative organizational culture, organizational commitment and organizational climate; 2) study the standards of service excellence, creative organizational culture, organizational commitment condition, and organizational climate that have a causal influence on the effectiveness of the direct selling business; and 3) obtain an effective model of the direct selling business. This research employed a mixed research methodology, combining quantitative and qualitative research methods. In the quantitative research methods, stratified random sampling was employed in this study. The strata were direct sales operators in six areas of Bangkok. The sample size consisted of 400 participants and was calculated by 20 times of the observed variability. A structural equation model was used to analyze the data after the questionnaires were distributed. For the qualitative research method, in-depth interviews were conducted with 15 key informants, and content analysis was used for the qualitative data. The results of the research showed that: 1) the effectiveness of the direct selling business, creative organizational culture, organizational commitment, and organizational climate were all rated as very important level. While the standard service excellence was rated at the highest level of success; 2) a creative organizational culture has the overall greatest casual influence on the effectiveness of the direct selling business, followed by organizational commitment, service excellence, and policy as the organizational climate, respectively; and 3) established a model for the efficiency of the direct selling business. The model was a visual chart that displayed the creative organizational culture, with its main influencing component as the pushing foundation. The organizational commitment and standard of service excellence were in the middle. The organizational climate as a promoting factor was at the top-level. In addition, the effectiveness of the direct selling business must consist of a sufficient financial budget, consumers, better internal management, a learning process, and development. The research findings are beneficial to direct selling businesses and operators. Continuous improvement of organizational and personal behavior is needed. The government sector can use these findings to supervise and recommend to entrepreneurs in this field to create sustainability and have a positive impact on the country's economy.

**Keyword:** Effectiveness / Direct selling business

## INTRODUCTION

The direct sales network business is a new type of marketing that has become relevant to the lives of consumers in today's world and it gives consumers the opportunity to become owners of businesses that make a lot of money. Starting as a consumer product and when it appears that the product is working well, the impression of the used product is recommended for people who know it further, as a mutually dependent manner for mutual benefit. Therefore, it is easy to enter the direct sales network business and be highly competitive. It focuses primarily on selling products and focuses on creating people - salespeople or sales representatives or independent vendors or independent businessmen, which will depend on each business. Specific words are used instead of calling each position as much as possible, as well as providing training in a way that continuously plagiarizes the work of those who have already achieved success. To provide everyone who comes into this business with the capacity to build a sales team that is their direct sales network. To expand the team (Pitchapa Thongdeeying, 2018, 2)

The chain-sharing business has been heavily heartbreaking and has lurked in today's direct sales business, causing significant damage to those involved. It is as if it was a legitimate direct sales company, but it has actually created new exploitative conditions. Superficiality is not a money raising money or a shaming of benefits, but actually a cash draw. Through the process of finding members with inflated business payouts and it does not intend to sell products fairly as an act of an illegal nature, such as the Direct Sales and Direct Market Act B.E. 2545 (2002), Play share Act B.E. 2534 (1991) Public Fraudulent Loan Decree B.E. 2524 (1984) and other related laws, etc. (Attapol Khuhacharoen, 2019)

## RESEARCH OBJECTIVES

1. To study the effectiveness level of direct sales organization in Bangkok. Excellent service standards, creative organizational culture, corporate engagement and atmospheric environment in the organization.
2. To study Excellent service standards, creative organization culture, corporate engagement and atmospheric environment in the organization that have a causal influence on the effectiveness of direct sales organizations in Bangkok.
3. To obtain the effective model of direct sales organization in Bangkok.

## RESEARCH METHODOLOGY

1. The researchers defined the research model as mixed methods, including quantitative research and qualitative research (Suchat Prasitratsin, 2019).
2. Populations and samples used in research
  - 2.1 Quantitatively: The population includes the top four highest-selling direct sales representatives of Thailand's top 4 direct sales organizations: Amway Product Marks, Giffarine, Sulian and Nuskin. The sample was defined using a threshold of 20 times the empirical variable, 20 is 20X20, equal to 400 samples (Grace J.B, 2008). Stratified Sampling methodology with proportional calculations in Bangkok has 50 districts divided into 6 groups, randomly selected to be separated in three groups: Central Bangkok, North Bangkok and South Bangkok, with 137 Amway salespeople, 124 Giffarines, 91 Sulian and 48 Nuskins, for a total of 400.
  - 2.2 Qualitatively: The population includes branch executives, branch managers, supervisors and direct salespeople of 4 direct sales organizations by selecting a specific purposive sampling and using in-depth interviews for a total of 15 people.
3. Research tools and analysis
  - 3.1 Quantitative: Questionnaires are divided into 6 parts: Personal factors, excellent service standards, creative organizational culture, corporate engagement conditions, the environment of the atmosphere in the organization and the effectiveness of direct sales organizations. The validity of the tool was examined by 5 experts, and the content validity was examined using the IOC (Index of Item Objective Congruence) technique, passing the 0.60-1.00 threshold for all questions, and then trialing (Try out) with a sample that was close to the actual sample. 35 people to calculate reliability according to the Cronbach method. Using the coefficient, alpha ( $\alpha$  - Coefficient) achieved a total sentimental value of 0.981, so it could be applied to the entire sample. For descriptive data analysis using frequency, percentage, average, standard deviation for reference data analysis. Use Confirmatory Factor Analysis (CFA) and Structural Equation Model (SEM) with Lisrel.
  - 3.2 Qualitatively, triangulation to achieve validity by examining data, methodology and source data for reliability, considering the data source to be reliable, relying on other criteria (Dependability), transferability and bias. Take a transcript to get a summary of the question in the interview.
  - 3.3 Linking quantitative and qualitative research data (Mixed Method) by applying quantitative findings with total influence values There are few values, the sort of thing that are the weaknesses of quantitative research. Take it as an in-depth interview with key informants to close weaknesses and confirm quantitative findings to be more reliable.

## SUMMARY OF FINDINGS

1. Answered objective 1: to study the priority of all phantom variables, including 5.

**Table 1** shows average ( $\bar{x}$ ), standard deviation (SD), order and priority values

Latent variables	$\bar{x}$	SD	Order	Priority
Excellent Service Standards (ESSV)	4.29	0.51	1	highest
Creative Organization Culture (COCT)	4.08	0.05	5	high
Corporate Engagement (CCOT)	4.10	0.51	4	high
Corporate Atmospheric Environment (EAOT)	4.15	0.56	3	high
Effectiveness of direct sales organization (EDSO)	4.18	0.56	2	high

From Table 1, the Standard of Excellence Service (ESSV) was found to have the highest priority  $\bar{x} = 4.29$ . Ranked #1, the effectiveness of the Direct Sales Organization (EDSO), the environment of the atmosphere in the organization (EAOT), the bond with the organization (CCOT), and the creative organizational culture (COCT) have a high priority, ranked 2nd, 3rd, 4th and 5th, with values  $\bar{x}=4.18, 4.15, 4.10$  and  $4.08$  respectively.

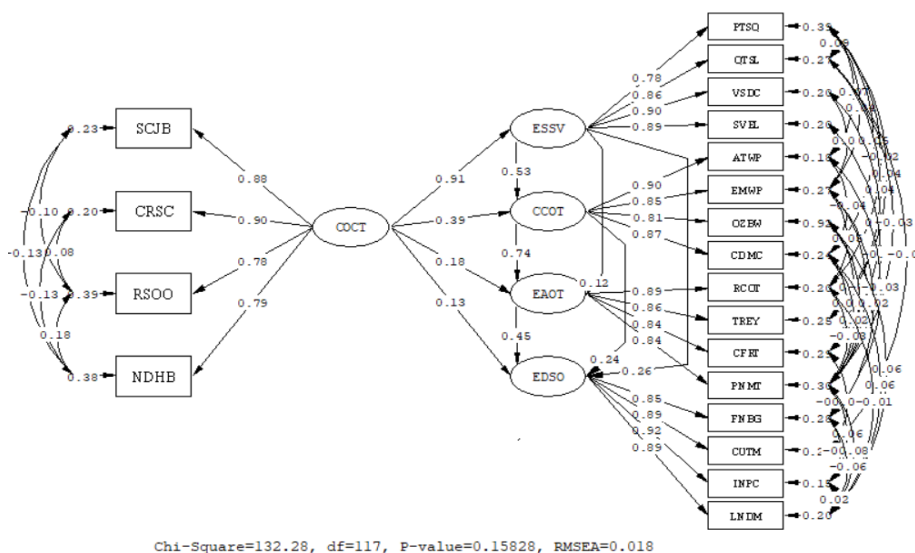
2. Answer objective 2: study Excellent service standards, culture of creative organizations, the bonding with the organization and the environment of the atmosphere in the organization that has a causal influence on the effectiveness of direct sales organizations in Bangkok. Based on alternative models that correspond to empirical data, they are based on empirical data. The value of the model must first meet the benchmark.

Table 2 shows the benchmark pass values of alternative models

list	Benchmark Value	Alternative models	Result $\sqrt{=}$ Qualified
p-value	>0.05	0.16	√
Chi-square/df	<2.00	1.13	√
GFI	>0.90	0.97	√
AGFI	>0.90	0.94	√
RMR	<0.05	0.009	√
RMSEA	<0.05	0.018	√
CFI	>0.95	1.00	√
CN	>200	442.25	√

From Table 2, the values of alternative models developed by the researchers were consistent with empirical data, passing all criteria.

Figure 1 results in the analysis of structural equation models that are alternative models that correspond to empirical data (after adjusting the model values).



**Chi Square=132.28, df=117, p-value=0.15828, RMSEA=0.018**

From Figure 1, the path coefficient between latent and a latent variable is found and the factor loading value between the latent and variable variables has all the positive values.

Table 3 shows the statistical values of direct influence analysis (DE), indirect (IE), total influence (TE) of latent variables from Beta and Gamma values.

Variable	Influence Relationships	COCT	ESSV	CCOT	EAOT
ESSV	DE	0.91**	-	-	-
	IE	-	-	-	-
	TE	0.91**	-	-	-
CCOT	DE	0.59**	0.53**	-	-
	IE	0.49**	-	-	-
	TE	0.88**	0.53**	-	-

EAOT	DE	0.18**	0.12*	0.74**	-
	IE	0.67**	0.40**	-	-
	TE	0.85**	0.52**	0.74**	-
EDSO	DE	0.13*	0.26**	0.24*	0.45**
	IE	0.84**	0.31**	0.34**	-
	TE	0.97**	0.57**	0.58**	0.45**

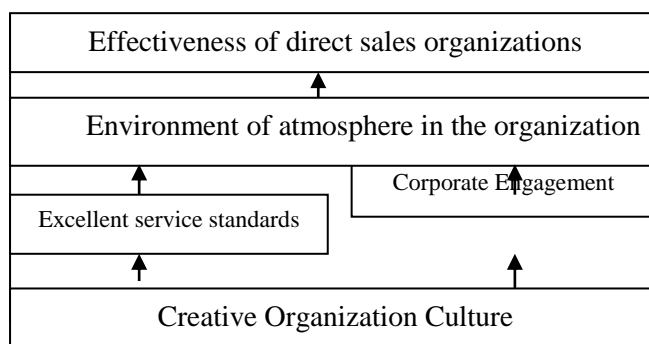
Chi-Square=132.28, df=117 p-value=0.158, GFI=0.97, AGFI=0.94, RMR=0.009, RMSEA=0.018 CFI=1.00, CN=442.25

\*p<0.05, \*\*p<0.01)

From Table 3, the most influential factors on the effectiveness of the Bangkok Direct Sales Organization (EDSO) in order of 1 are creative organizational culture (COCT) with a value of 0.97, 2 is the state of engagement with the organization (CCOT), there is 0.58, the 3<sup>rd</sup> is Excellent service standards (ESSV), it is 0.57, and the 4<sup>th</sup> is the environment of the atmosphere in the organization (EAOT), it is 0.45 at a significant level of 0.01.

3. Answer objective 3: to obtain an effective model of the Direct Sales Organization in Bangkok.

**Figure 2** Model Image



From Figure 2, the model simulates the effectiveness of direct sales organizations in Bangkok based on quantitative and qualitative research. It is characterized by a chart image consisting of a creative organizational culture with a highly integrated influence as a pushing base at the bottom. Corporate Engagement and Excellent service standards supported in the middle, and an environment of the organization's encouraging environment at the upper level. The effectiveness of direct sales organizations will be achieved by requiring adequate financial budgets. There are consumers, have good internal management processes and are constantly evolving learning.

## DISCUSSION

Based on statistical analysis based on quantitative research and in-depth interviews from qualitative research. Explain it as follows:

**According to objective 1:** the priority of all latent variables

The most priority latent variable is the Service Excellence Standard (ESSV), with an average of 4.29 standard deviations of 0.51, which includes: The empirical variables that sort the average are recognition of service quality, service quality level, service value delivered to customers, and service excellence.

The second most important variable is the effectiveness of the Direct Sales Organization (EDSO), with an average of 4.18 standard deviations of 0.56, consisting of empirical variables that sort the averages: consumer and consumed, internal processes, financial budgets, and learning and development. The second most important variable is the effectiveness of the Direct Sales Organization (EDSO), with an average of 4.18 standard deviations of 0.56, consisting of empirical variables that sort the averages: consumer and consumed, internal processes, financial budgets, and learning and development.

The third most important latent variable is the environment of the atmosphere in the organization (EAOT), with an average of 4.15 standard deviations of 0.56, consisting of empirical variables that are sorted by average: recognition of organizational attributes, employee accountability, and conflict reduction and punishment.

The fourth most priority latent variable is the Organizational Engagement Condition (CCOT), with an average of 4.10 standard deviations of 0.51, consisting of empirical variables that sort the average: establishment arrangement, acceptance of work and individuals.

The fifth most priority phantom variable is creative organizational culture (COCT), with an average of 4.08 standard deviations of 0.65, consisting of empirical variables that sort the average: emphasis on job success, career success, non-phantom business, and emphasis on relationships with other organizations.

**According to objective 2:** the causal influence on the effectiveness of direct sales organizations in Bangkok has been one of the most influential factors, the culture of creative organizations (COCT), which must be focused on factor loading, namely career success, focusing on job success, non-phantom business, and emphasis on relationships with other organizations.

The second influential factor includes the state of colonel-to-organization (CCOT), which must be focused on factor loading: acceptance of work and individuals, the conduct of executives and colleagues, establishment arrangements and benefit and welfare arrangements.

The third most influential factors include the ESSV Standard of Excellence (ESSV), which must be focused on factor loading: the value of the service delivered to customers, service excellence, service quality level and service quality recognition.

The fourth most influential factor is the environment of the atmosphere in the organization (EAOT), which must be focused on factor loading: the recognition of the characteristics of the organization, the accountability of the employee, the reduction of conflicts and sanctions.

**According to Objective 3:** there is an effective model of direct sales organization in Bangkok as shown in Figure 2 and can show the direction of the relationship. as follows:

Creative Organization Culture Directly affects the effectiveness of direct sales organizations with a route coefficient of 0.13 (t statistics equal to 2.16), which supports a statistically significant assumption of 0.05, which can be interpreted as the variables studied correlated in the same direction, that is, as the creative organizational culture increases. As a result, the effectiveness of direct sales organizations is also increasing.

Corporate Engagement directly affects the effectiveness of the direct sales organization with a route coefficient of 0.24 (t statistic is 2.44), which significantly supports the assumption at level 0.05, which can be interpreted as the variables studied correlated in the same direction, that is, as the bond with the organization increases. As a result, the effectiveness of direct sales organizations is also increasing.

Excellent service standards Directly affect the effectiveness of direct sales organizations with a route coefficient of 0.26 (t statistic of 3.24), which significantly supports the assumption at level 0.01, which can be interpreted as the variables studied correlated in the same direction, that is, as the standard of service excellence increases. As a result, the effectiveness of direct sales organizations is also increasing.

The environment of the atmosphere in the organization directly affects the effectiveness of direct sales organizations with a path coefficient of 0.45 (t statistic is 5.54), which significantly supports the hypothesis at level 0.01, which can be interpreted as the variables studied correlated in the same direction, that is, as the environment of the atmosphere in the organization increases. As a result, the effectiveness of direct sales organizations is also increasing.

## SUGGESTION

Research on Antecedent Variables Influencing the Effectiveness of Direct Selling Business in Bangkok, includes the following recommendations:

### 1. Research feedback

1.1 The effectiveness of direct sales organizations must be improved in the field of learning and development in terms of encouraging members of the organization to have the opportunity to study both domestically and internationally in order to continuously improve the skills or abilities of their members. Enhancing benefits and giving back to society as appropriate, and strengthening the system for members to be able to work together before joining forces.

1.2 Excellent service standards must be improved in terms of providing excellent service in service. In regards to providing member training to serve customers or consumers with creative initiatives. In order for members to have knowledge of the work well served and to be enthusiastic and polite.

1.3 Creative organizational culture must be improved in the field of emphasis on relationships with other organizations. In the matter of strengthening good relations with relevant government agencies. Promotion to jointly organize inter-organizational goods and services and to hold meetings or seminars on exchange of knowledge between organizations and non-phantom business. In the matter of tightening up so as not to covert or extend to the illegal business that is a chain-sharing, not focusing on finding new members in the hope of earning money for subscriptions and not offering other products in tandem.

1.4 Corporate Engagement must be improved in terms of benefit and welfare arrangements in respect of providing other compensation under labor law, overtime allowances, fuel allowances for work, vacation or other leave, according to rights, medical assistance and assistance funds for accommodation, and the practices of executives and colleagues. In terms of being independent and free from harassment, each employee is not exploiting each other and management can consult when there are problems at work.

1.5 The environment of the atmosphere in the organization must be improved in the field of punishment. In regards to arranging a sentencing notice as an example, it is said that admonishments in cases of nonviolent penalties and punishing offenders with equality and fairness and the conflict reduction aspect of the focus will satisfy all parties. Management aims to find solutions when problems or conflicts arise, and are aware of the signs that will cause conflict.

1.6 The effectiveness of direct sales organizations in Bangkok focuses on building credibility on the stable financial position of the organization. Providing a clear, evidence-based operational plan and organizational development plan, and new subscriptions to the organization to collaborate on the development to generate revenue, generate profits and increase sales.

1.7 Direct sales organizations should have promotions in various ways, such as discounts, giveaways or other benefits, etc. To have consumers regularly and resume purchases.

1.8 Direct sales organizations should focus on setting clear targets for the organization's operations such as planning, organization, guiding and control.

1.9 Direct Sales Organization should focus on maintaining the organization's operating standards and further developing them.

1.10 Direct sales organizations should focus on the mutual learning of members in a group or team manner. To create a consistent approach to operations. Focus on the work of members to work together for the goals of the organization.

1.11 Government agencies involved in governance Chain-sharing offense prevention and suppression Offenses under the Criminal Code, related criminal penalty acts, food and drug-related law enforcement and consumer protection law enforcement, such as the Food and Drug Administration (FDA), Office of the Consumer Protection Commission (OECD), The National Police Chiefs' Council (NHTSA), which is directly responsible for criminal offences as well as other agencies involved. The importance of performing duties should be given equally. Equality, fact-checking, transparency, purity and fairness are even better.

## 2. Recommendations in the next research

2.1 It is worth studying about other latent variables. In addition to the variables used in this research, such as the enforcement of government offices in the case of solicitation of a covert organization with a chain-sharing model, or a deceptive nature offense to sell low-quality products to consumers. This includes covertly selling entrepreneurial tax-evasive goods. etc.

2.2 Study the effectiveness of the business organization directly with a national, regional or other sample to be more comprehensive. To be able to apply it to the benefit of further.

2.3 The effectiveness of direct sales organizations should be studied in detail with other types of products such as health and beauty products, electrical and electronics products, automotive products, etc.

2.4 The effectiveness of direct sales organizations should be studied in detail with groups of individuals such as gender groups, age groups, occupational groups, average monthly income groups, etc. So that they can be applied to the benefit.

2.5 Study with a group of people who have not subscribed to various direct sales organizations so that they can be applied to their advantage.

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