

# University Students in Direct Sales Networking Projects: Opportunities and Challenges

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## ABSTRACT

This study examined the financial impact and factors influencing university students' involvement in Direct Sales Networking Companies (DSNCs) in Arusha, Tanzania. Using a descriptive survey design, data was collected from 127 students through structured questionnaires, with purposive and snowball sampling targeting those with prior exposure to DSNCs. Findings revealed that 95.9% of students joined due to promises of quick wealth, while 86.89% cited peer pressure as a key motivator. Despite high engagement with 29.92% subscribing as members, financial outcomes were largely unfavorable as only 13.16% earned consistent income, 47.37% had unstable earnings, and 13.16% lost money. Additionally, 72.13% viewed the income as unsustainable, and 48.36% perceived significant financial risks. The study highlights a gender disparity, with 67.72% of participants being female, aligning with global trends of women's dominance in direct sales. While DSNCs attract students seeking alternative income, the findings suggest that these ventures often fail to provide reliable financial returns, raising concerns about sustainability and ethical practices. The study recommends increased awareness campaigns and regulatory measures to protect students from potential exploitation in network marketing schemes.

**Key Words:** Direct Sales Network Company, University students, direct sales, Network Marketing

## INTRODUCTION

Direct selling is a type of sales channel where products are marketed directly to customers, eliminating the need for middlemen-wholesalers, advertisers and retailers. Direct selling can be conducted one-on-one, in a group or party format, or online (Rani and Swaroopa, 2016). Direct selling, a forerunner to Network Marketing (NM) has its origin in the mid 1800s. But it had its beginning in 1929 only. It was known as "Friendship marketing" at that time. In the year 1934, a company by name "Nutrite Products" was formed in the US and a recruiter's fee was paid to anyone who introduced another person into the programme (Chipaga, 2013). From there onwards, network marketing companies (Multilevel Marketers) have gained exceeding ground and have become widely spread and recognized, especially during the past ten years (Sherin, 2017). At its core, network marketing involves the promotion and distribution of products or services through a network of independent distributors (Kasera & Bhati, 2023).

Business organizations have long relied on direct marketing to target customers without spending a lot of money on retail distribution. Furthermore, the Network (Multilevel) Marketers have taken the direct model one step further, i.e. not only they do the sales, but recruit and train new distributors i.e., independent sales persons who are members in the network marketing company (Chipaga, 2013). According to Seow & Chong (2022), direct selling organisations use compensation plans and incentive programmes to motivate and drive distributors' productivity. Furthermore, according to Bernama (2018), in 2017 the industry contributed more

than RM13 billion sales revenue where the involvement from over 4 million of Malaysians from different society and status (Gulabdin *et al.*, 2020). According to Sherin (2017), 58 million people are involved in network marketing throughout the world and in 2006 the worldwide sales accounted for an estimated USD 109 billion. Some of those recruited are students, governmental workers, private organization workers etc. This study aims at assessing the influence that the direct sales networking marketing companies have on one of the mentioned stakeholders thus students.

Over the last five years in Tanzania, network marketing companies (NMC), have mushroomed in the East African nation (GV Sub-Saharan Africa, 2020). According to Mariki (2017), NMC is a US\$180 billion industry globally with nearly 90 million people involved in it. When it comes to network marketing, college students are usually targeted (Maxwe, 2020). The weak economy, unemployment and rising student loan debts often motivate students to want to become entrepreneurs i.e engaging in NMC and not settle for minimum-wage jobs (Murphy, 2013). Furthermore, stable income, flexible time and entrepreneurial spirit have a significant influence to the tendency among university student in choosing NMC as a career option (Ramaniya, 2014). There are contradicting philosophies on the influence of network companies to students' academic development i.e according to GV Sub-Saharan Africa (2020); these companies lure young people with "get-rich-quick" dreams and promote smart, fake lifestyles to persuade people of their success, while in reality, very few people are "eating the cake" of network marketing. Subsequently, according Murphy (2013), despite the risk of losing money, Boreyko said college students are willing to take the risks of network marketing in the hopes of making a profit. Contrary to Maxwe (2020) the skills learned, and the experience makes network marketing a great opportunity for a college student to experience. The study aims at identifying the actual influence of these NMC in Tanzanian context. Nonetheless, several studies have been conducted NMC i.e Sherin 2017; Gulabdin *et al.*, 2020; Lee and Loi 2016; Chipaga, 2013, Merlin 2012; however, there are no studies in Tanzania on the influence the networking marketing companies might have on academic studies in Universities. The study aimed at identifying the extent to which university students are exposed to the networking companies, to assess the role of NMC on student's academic development and to identify student's perception on NMC towards student's academic performance.

## RESEARCH METHODOLOGY

The study employed a descriptive survey design to investigate the financial impact and factors influencing students' involvement in Direct Sales Networking Companies in Arusha, Tanzania. According to Bartlett *et al.* (2001) a sample size of 30 respondents is said to be the minimum sample for data collection. Therefore, 30 University students in each university will be randomly selected. Data was collected from 127 students selected through purposive and snowball sampling techniques, targeting those with prior knowledge or experience with DSNs. Structured questionnaires were used to gather information on students perceived financial benefits, involvement factors, and financial outcomes. The collected data was analyzed using descriptive statistics, specifically frequencies and percentages. Ethical considerations were observed by ensuring voluntary participation, confidentiality, and the academic use of the data.

## FINDINGS AND DISCUSSION

The study sort to determine the involvement of students in direct sales network marketing companies (multilevel companies), factors that led to their involvement, the capital invested and the financial impact resulting from their involvement in the network marketing.

### Demographic characteristics

This section presents the demographic profile of the respondents who participated in the study. A total of 127 students from higher learning institutions in Arusha Region were surveyed. Understanding the demographic characteristics of the respondents is essential as it provides context to the findings and helps explain the diversity of perspectives and experiences related to their involvement in Direct Sales Networking Companies

(DSNCs). The demographic information captured age, gender, level of study, employee status and university type.

Table 1: Demographic characteristics (n=127)

S/n	Description		Frequency	Percentage
01	Gender	Male	41	32.28
		Female	86	67.72
02	Age	17-22 years	47	37.01
		23- 28 years	58	45.67
		29-34 years	17	13.39
		35- and above	5	3.94
03	Year of study	First year	26	20.47
		Second year	39	30.71
		Third years	55	43.31
		Fourth year	7	5.51
04	Employment status	Government Employed	24	18.90
		Self Employed	29	22.83
		Un-employed	74	58.27
05	University type	Public	71	55.91
		Private	56	44.09

Table 1 illustrate that of the 127 respondents, 67.72% were female and 32.28% were male. According to Klein & Rouziou (2024) the global direct sales force includes over 100 million independent representatives and distributors. According to the research, in 2019, there were 114,801,793 distributors (72.8% women and 27.2% men); 2020 there were 118,797,317 (73.4% women and 26.6%); 2021 there were 119,158,420 (70.6% women and 29.4%) and 2022 there were (70.7 are women and 29.3% were men). This depicts that the female gender is more interested in such opportunities. This confirms global trends where women dominate direct sales networking.

The majority (45.67%) of participants were aged 23-28 years, an age group likely drawn to entrepreneurial opportunities due to financial needs or career aspirations. Academic year distribution shows 43.31% were third-year students. Senior students may be more exposed to or engaged in direct sales networking, possibly due to the growing urgency to secure a financial income post-graduation. Since the majority complete their studies within three years, financial insecurity and career uncertainty may drive them to seek alternative income sources before entering the job market. More than half of the respondents were unemployed, which aligns with the idea that students seek alternative income sources like network marketing. University type distribution shows 55.91% from public universities and 44.09% from private universities, indicating exposure is widespread across both.

### Extent Students were Exposed in Direct Sales Networking Companies Operating in Tanzania

To assess students' awareness and engagement in direct sales networking companies, respondents were asked whether awareness, level of engagement and their interactions with the direct sales networking companies.

### Awareness of direct sales networking companies

Respondents were asked about their familiarity with direct sales networking companies and their level of knowledge regarding these companies' operations.

Table 2: Awareness of direct sales networking companies (n=127)

s/n	Description	Frequency	Percentage
01	Never heard of any direct sales networking company	5	3.94
02	Have heard of them but wasn't interested to participate	19	14.96
03	Was interested and attended their seminars/training sessions/searched for them online	65	51.18
04	Subscribed as a member of a direct sales networking company	38	29.92
<b>Total</b>		<b>127</b>	<b>100</b>

Findings indicate that only 3.94% of students had never heard of direct sales networking companies. As the study primarily targeted individuals with some level of exposure or engagement, these respondents were presented with limited follow-up questions in the survey. However, more than 95% of students demonstrated awareness, with many having attended seminars, training sessions, or conducted independent research online. Additionally, 29.92% had subscribed as members, highlighting significant student involvement in direct sales networking companies.

The 38 students who had subscribed to a direct sales networking company were further probed to determine the number of companies they had joined.

Table 3: Number of direct sales networking companies subscribed to (n=38)

s/n	Description	Frequency	Percentage
01	Subscribed to 1 network	34	89.47
02	Subscribed to 2 networks	3	7.89
03	Subscribed to more than 2 networks	1	2.63
<b>Total</b>		<b>38</b>	<b>100</b>

Findings indicate that 89.47% of students subscribed to only one network, while 7.89% joined two networks, and a minimal 2.63% engaged with more than two. To understand why most students limit their involvement to a single company, key informants were consulted. According to Key Informant B,

*"Students prefer to limit their involvement to a single company, possibly due to financial constraints, time limitations, or loyalty to a specific network marketing company."*

### Most Recognized Direct Sales Networking Companies

Respondents were asked to identify the direct sales networking companies they were most familiar with, either through advertisements, word of mouth, or personal interactions.

Table 4: Most Recognized Direct Sales Networking Companies (n=122) (Multiple Response)

s/n	Description	Frequency	Percentage
01	Forever Living Products (FLP)	89	72.95
02	QNET	102	83.61
03	Alliance in and Motion Global (AIM Global)	78	63.93
04	NeoLife	22	18.03
05	Oriflame	73	59.84
06	Avon and Edmark	19	15.57
07	BF Suma	14	11.48

Among the companies listed, QNET emerged as the most recognized, with 83.61% of respondents being aware of it. According to GV Sub-Saharan Africa (2020), in 2017, QNet, is one of the largest direct-selling companies

in the world based in Hong Kong, expanded its operations in East Africa, with an agency office in Dar es Salaam, the cultural capital of Tanzania.

According to Key Informant D

*“QNET has gained popularity primarily due to its presence in various news outlets, often linked to controversies. Despite this, the company has established a significant market base in Tanzania”*

Additionally, 72.95% of respondents were familiar with Forever Living Products (FLP), followed 63.93% recognizing Alliance in Motion Global (AIM Global). AIM Global, based in the Philippines, took hold in Tanzania in 2019 and just celebrated its one-year anniversary with over 4,000 independent distributors (ibid). Oriflame had a 59.54% recognition. In contrast, NeoLife (18.03%) and BF Suma (11.48%) had lower recognition, possibly due to their smaller market presence and less aggressive marketing strategies in Tanzania.

### Capital invested

For further understanding, the respondents who subscribed in direct sales company were inquired to entail the amount used in the subscription process.

Table 5: Capital invested (n=38), Amount in (TZs)

s/n	Description	Frequency	Percentage
01	10,000-200,000	14	36.84
02	200,001- 500,000	19	50.00
03	500,001 and above	5	15.79

Notably, four respondents who subscribed to two or more companies invested amounts ranging between 200,001 - 500,000 TZs and above, bringing the total frequency to 39 investments. The findings indicate that most students (50.00%) invested between 200,001 and 500,000 TZs, making it the most common investment range done by students. The registration fees vary across companies and typically cover essential components such as starter kits, access to training, membership portals, and commission eligibility. For instance, in QNET, the registration fee depends on the selected product package, while in Forever Living Products (FLP), the investment primarily includes a starter pack of products. According to Kasera & Bhati (2023), this business model is not capital intensive and thus direct selling organisations (DSOs) is able to expand rapidly, worldwide in the past several decades.

### Perceived Financial Benefits of Joining Direct Sales Networking Companies (n=122)

A total of 122 respondents (those who had heard of, attended seminars, or subscribed to direct sales networking companies) were surveyed to understand their perceptions of the financial benefits associated with these companies.

Table 6: Perceived Financial Benefits of Joining Direct Sales Networking Companies (n=122) (multiple response)

s/n	Description	Frequency	Percentage
01	It is a good way to earn money while studying	42	34.43
02	It helps develop financial management skills	28	22.95
03	It provides extra income but is not sustainable	88	72.13
04	It is a financial risk with little to no return	59	48.36
05	It is a scam that takes advantage of students	31	25.41



The findings reveal diverse perspectives on the financial benefits of direct sales networking. While 34.43% of respondents viewed it as a viable way to earn money while studying, a much larger 72.13% believed that the income earned was not sustainable. Furthermore, 48.36% perceived it as financially risky. 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 (Seow & Chong, 2022).

25.41% regarded it as a scam that exploits students. Medeiros (2021), highlight the controversial reputation of direct sales networking companies, particularly those accused of operating under pyramid scheme-like models. In pyramid schemes the products are only props to make the operations seem legitimate. The products are overpriced, bad quality, valueless or difficult to sell and the focus is on recruiting new members that buy the starting kit. As the money comes in only from the new members, depending on the structure of the pyramid, 50 to 99 % of the members will lose their money. Key informant D further added that;

*“A friend of mine joined this one scheme....i think its called Kalynda, she lost all her money.”*

These findings suggest that while some students find value in networking businesses, a significant portion remains skeptical due to financial instability and risk factors. According to World Federation of Direct Selling Associations (2017) direct sellers shall respect the lack of commercial experience of Consumers. Direct Sellers shall not abuse the trust of individual consumers, or exploit a Consumer’s age, illness, lack of understanding or unfamiliarity with a language. However, according to Kasera & Bhati (2023), individuals may encounter ethical dilemmas, particularly when faced with aggressive sales tactics, pressure to recruit friends and family, or misleading marketing practices.

### Factors Influencing Student Involvement in Direct Sales Networking Companies

Understanding the motivations behind student participation in direct sales networking companies is crucial in assessing both the opportunities and risks associated with these business models. This section examines the key factors that drive students to engage in such ventures, shedding light on whether their decisions are influenced by financial need, social pressure, entrepreneurial aspirations, or external marketing strategies. The study aimed at understanding reasons why students engage in these companies.

Table 7: Factors that led to student’s involvement (multiple response) (n=122)

s/n	Description	Frequency	Percentage
01	Peer pressure	106	86.89
02	Curiosity and fear of missing out (FOMO)	98	80.33
03	Lack of alternative job opportunities	63	51.64
04	Need for money	44	36.07
05	Promises of quick wealth	117	95.90
06	Influence from social media	29	23.77
07	Entrepreneurial interest	39	31.97
08	Exposure to success stories	69	56.56
09	Lack of awareness about risks	42	34.43

Findings reveal that 95.90% of students were drawn to direct sales networking companies due to promises of quick wealth, making it the strongest motivational factor. This suggests that many students perceive network marketing as a fast-track to financial independence, despite potential risks. However, according to Israilova et al. (2023), direct marketing for many new businesses means marketing to their friends, family and relatives. All current clients of the company are also included in this mix. There is a belief that all these people will become brand ambassadors for the company. But in fact, constant communication with key people in many cases can be inconvenient for the company, thus not attaining the profits expected.

Additionally, peer pressure played a significant role, with 86.89% of respondents citing it as an influence. This highlights how social circles shape decision-making, as students often follow their friends or acquaintances who have already joined such businesses. Similarly, 80.33% of respondents admitted that curiosity and fear of missing out (FOMO) were key motivators, indicating that some students joined because they wanted the success that they see others having through the companies.

According to Nayak & Siddiqui (2024), direct marketing maintains customers by establishing personal connections with them, by attending to their wants and desires, and consequently, by increasing sales. These findings highlight the complex mix of financial aspirations, social influences, and external marketing tactics that contribute to student participation in direct sales networking. While some students benefit from entrepreneurial skills and financial literacy, others face unrealistic expectations and financial risks, raising concerns about the sustainability and ethical practices of these companies.

### Financial impact of the direct sales networking companies

To assess the financial outcomes experienced by students who engaged in direct sales networking companies, a total of 38 respondents who had been directly involved in these companies were surveyed.

Table 8: Financial impact of the direct sales networking companies (n=38)

s/n	Description	Frequency	Percentage
01	Earned a consistent monthly income	5	13.16
02	Earned occasional income but not stable	18	47.37
03	Earned little to no income despite efforts	07	18.42
04	Lost money after investment	05	13.16
05	Broke even (Recovered initial investment)	02	7.89
<b>Total</b>		<b>38</b>	<b>100</b>

Findings indicate that only 13.16% of students managed to earn a consistent monthly income, suggesting that sustained financial success in network marketing remains limited to a small percentage of participants. According to Peterson et al. (2019) the income that direct sellers derive from their direct selling activities depends on a variety of factors, including product type, market demand, and selling effort expended. A direct seller can earn a living as a full-time direct seller or work part-time to earn extra money or to make a special purchase

The majority, 47.37%, reported earning occasional income, but not on a stable basis, reflecting the unpredictability and irregularity of earnings in these businesses. Additionally, 18.42% of respondents stated that they earned little to no income despite their efforts, while 13.16% admitted to losing money after their initial investment, highlighting the financial risks associated with direct sales networking. According to Groß & Vriens (2019), despite best efforts of these companies to protect their reputation and credibility, their business model makes it near impossible to ensure integrity in each transaction with their employees.

Notably, only 7.89% of respondents were able to break even by recovering their initial investment, reinforcing concerns that many students may struggle to generate sustainable profits or recover financial losses. These results suggest that while some students experience financial gains, a significant portion faces challenges in achieving consistent or profitable outcomes. The high percentage of occasional or unstable earnings further indicates that network marketing may not provide a reliable source of income for students, making it crucial for them to evaluate the financial risks before committing to such ventures.

### IMPLICATION OF THE STUDY

This research has significant real-world implications, particularly in enhancing student financial literacy, informing consumer protection policies, and promoting ethical business practices. By highlighting the risks

and benefits of Direct Sales Networking Companies (DSNCs), the study helps students make informed financial decisions while guiding universities and policymakers in developing awareness programs and regulatory frameworks to prevent financial exploitation. Additionally, the findings offer insights for ethical marketing strategies, encouraging DSNCs to improve transparency. Furthermore, organizations supporting youth entrepreneurship can use this research to design sustainable business models that provide genuine financial opportunities beyond network marketing schemes.

## CONCLUSION

The research indicates that although direct sales networking companies (DSNCs) attract many university students in Arusha, Tanzania, especially young women and unemployed people searching for financial prospects, the actual financial gains tend to be irregular and often unsustainable. In spite of significant awareness and engagement fueled by expectations of rapid wealth (95.90%) and social pressure (86.89%), a majority of participants reported variable earnings (47.37%) or financial setbacks (13.16%), with only a small fraction achieving steady income (13.16%). The high level of skepticism, with 72.13% considering the income as nonviable and 48.36% viewing it as risky, highlights the ethical and financial uncertainties related to DSNCs. These results imply that while DSNCs provide short-term opportunities for entrepreneurship, they frequently do not yield dependable financial returns, pointing to the necessity for enhanced regulatory oversight and student education regarding the dangers of network marketing.

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