Drivers and Moderators of Direct Selling Business Outcomes: Why I Participate Affects How I Perform

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Firms using a direct selling (DS) distribution channel delegate selling and sales management responsibilities to an independent-contractor distributor force. The DS firm's inability to directly control distributors' efforts, and the fact that most active distributors choose to work part-time rather than full-time at their DS business, makes an examination of the drivers of DS performance outcomes important for academic study and empirical insight. Drawing on the sales performance, organizational commitment, and direct selling literatures, we investigate the effects of continuance commitment factors on distributors' two most salient performance outcomes (income from direct selling and size of downline) with a dataset from 16,388 DS distributors across 68 companies. We further consider two reasons for being a DS distributor as moderators of the drivers of our performance outcomes: 'direct selling as a career and products at a discount'. The associations of our continuance commitment factors with performance outcomes are reinforced with the identification of a career reason, and with the non-identification of a discount buying reason, for being a distributor. Our moderator 'direct selling as a career' is the strongest, but both moderators are significant. The model's strong explanatory results and significant moderating effects show that DS distributors are segmented by their underlying reasons for participation in the DS business opportunity.

1. Introduction

Direct selling (DS) is a distribution channel focusing on the one-to-one selling of products or services in locations other than retail stores (Peterson and Wotruba 1996). In 2022, sales through DS were $40,5 billion in the U.S. alone and primarily stemmed from wellness, services, home/family care, personal care, clothing, and leisure/educational product categories (Direct Selling Association 2023). Unlike employed salespeople, each direct seller is an independent seller of the DS firm's products. This contractual relationship means that distributors are entrepreneurs (Direct Selling Association 2024; Harrison and Hair 2017) with the right to freely choose which company products or services they sell or consume, which sales and marketing instru-

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ments they use, how much time they invest in their own business, and when and whether they wish to enroll or to terminate the distributorship (Li et al. 2020; Wotruba 1989).

The DS firm allocates both retail selling functions and sales force management functions to its distributor force. These functions include the generation of retail sales of the firm's products for ultimate use and consumption (whether by non-distributors or by distributors themselves) as well as the recruitment of new distributors and ongoing mentoring and management of any developed "downline" of such distributors. Clearly, these are important functions entrusted to the DS distributor force, since the firm can make no sales without retail and sales management efforts and achievements. Because distributors can freely choose whether to exert effort on retailing or sales management activities, the drivers of achievement on retailing and sales management dimensions are of paramount importance to the DS firm.

A DS firm motivates and rewards retail and sales management achievements through its compensation plan (Coughlan 2021). Retail sales may be rewarded through a retail markup (the difference between the wholesale price the distributor pays and the retail price at which the product sells) on sales to non-distributor end-users. Some firms that drop-ship products directly to end-users may choose alternatively to reward retail sales through a bonus or commission. Personal voluntary consumption is rewarded through the wholesale discount itself.

Successful sales management through the building and maintenance of a distributor downline is also rewarded through the DS firm's compensation plan, typically via bonuses and/or commissions based on sales of these downline distributors. In sum, the DS firm's compensation plan bases all rewards on sales for ultimate use and consumption, whether consumed by the DS distributor, its retail consumers, or the end-users in its downline network (Coughlan 2021).

The flexibility of the DS business opportunity makes it attractive to many people with a wide variety of life circumstances (Wotruba and Tyagi 1992). While some direct sellers work on their DS distributorship full-time, many work part-time and/or have other occupations (Direct Selling Association 2023; Wotruba 1990; Wotruba et al. 2005). Yet others enroll as "Preferred Customers," who join only to purchase products or services at discounted prices and do not have the right to rewards from the DS firm's compensation plan. In particular, the differences in chosen work patterns among those distributors operating a DS business make it unsurprising that U.S. DS distributor annual sales in this group averaged $6,045 per direct seller in 2022 (Direct Selling Association 2023). Evidently, a small proportion of enrolling distributors build large-scale retail and/or downline network DS businesses. It is hence useful to identify the drivers and moderators contributing to income and downline size performance outcomes, both measures of importance to the DS firm's sales and profitability.

Based on the sales performance, organizational commitment, and direct selling literatures, this paper therefore examines the drivers of performance, and the moderating role of two reasons to participate in DS (*direct selling as a career* and *products at a discount*), using a dataset that contains 16,388 direct sellers from 68 different firms in the U.S. Our empirical estimation provides support for almost all hypotheses concerning both the drivers and their moderators.

We find that continuance commitment variables are highly relevant for explaining DS performance, with those reporting (a) hours per week a respondent works in her DS business and (b) the respondent's tenure as a distributor with this DS firm most strongly predicting distributors' performance outcomes. In addition, the analysis shows that DS distributors' reasons to participate significantly moderate the importance of our continuance commitment factors in predicting income from DS and downline-size outcomes.

This paper is one of the few to investigate sales performance under the entrepreneurial contractual conditions of the DS distribution channel. This research adds to the sales literature by enhancing the understanding of the role of continuance commitment factors in explaining performance in entrepreneurial sales opportunities such as DS. It further demonstrates the validity of two moderators describing DS distributors' reasons for participating, implying segmented differences in the prediction of income from DS and downline size outcomes.

We review the literature and present our conceptual framework below. Next, we discuss our research method and report our empirical findings and their implications. We conclude with the limitations of this study and propositions for future research.

2. Literature Review and Conceptual Framework

The organizational commitment literature postulates multiple forms of commitment as predictors of various outcomes in sales and other worker environments (Allen and Meyer 1990; Somers 1995). Our outcome measures of *income from direct selling* and *size of downline* are economic variables. Consequently, we hypothesize several economic variables as predictors of income and downline size performance outcomes that are noted in this literature as antecedents of continuance commitment (Allen and Meyer 1990; Mathieu and Zajac 1990). We also hypothesize that met expectations influences our performance outcomes, consistent with research showing that met expectations is a positive antecedent of organizational commitment as well (Babakus et al. 1996; Grant et al. 2001). In this section, we summarize the hypotheses in our conceptual framework relating performance drivers to performance outcomes, and hypothesize how moderators affect these relationships.

2.1. Dependent variables (DVs): DS performance outcomes

We include two performance measurements in our model as DVs, both of which generate economic benefits to both a DS distributor and the DS firm. *Income from direct selling* depicts the reported gross income from DS that the DS firm pays to a seller in a year. The income a DS distributor earns from the DS company can include rewards based on direct retail sales as well as rewards based on the sales of any downline recruits of this distributor. Our second performance outcome variable is a DS distributor's *size of downline*: the number of distributors directly recruited by this distributor plus the number of distributors these frontline recruits and their downlines themselves recruit. This performance measure is specific to the DS distributor context, because direct sellers, unlike salespeople in other types of distribution channels, can recruit their own downline (Crittenden and Crittenden 2004; Sparks and Schenk 2001). It is hence an indicator of the distributor's sales management performance outcome. While larger downline size may be associated with higher DS income, this relationship is not guaranteed. However, income and downline size are both important measures of a distributor's achievement in selling and sales management in the DS channel.

2.2. Independent variables (IVs): DS performance drivers

University degree: The effect of education on employee job performance, in general, is well investigated (Ng and Feldman 2009). In the sales literature, Sager and Johnston (1989) find a positive effect of education on sales performance. They infer that higher education promotes the development of the ability to identify and prioritize the activities that contribute most to the achievement of job-related goals. Bolander et al. (2014) go further and investigate the impact of former students' attendance in colleges' sales programs on these salespeople's use of certain sales approaches and their performance. They find that attending sales-specific courses has a positive impact on salespersons' future performance. In a meta-analysis, Verbeke et al. (2010) also report a positive effect of selling-related knowledge on sales performance. The effect of (higher) education on income from DS or downline size performance outcomes has however not been investigated. Thus, based on the job and sales force literatures, we posit that:

H1: Having a university degree has a positive effect on both income from direct selling and size of downline.

Hours in direct selling: Salesperson job effort is commonly found to positively affect sales performance (Christen et al. 2006; Krishnan et al. 2002). Wotruba (1990) finds no significant difference in earnings per hour between part-time and full-time distributors, which implies that full-time income is greater than part-time income. Brown and Peterson (1994) report a positive effect of effort on DS distributor sales performance as well. Sparks and Schenk (2001) hypothesize, and find results consistent with, a positive relationship between effort (including hours worked per week) and both a distributor's sales and the distributor's average recruitment per year. We therefore hypothesize that:

H2: Hours in direct selling has a positive effect on both income from direct selling and size of downline.

Hours not in direct selling: The independent-contractor relationship a DS distributor has with his/her DS firm allows the distributor to pursue the DS business opportunity while working at another (possibly full-time) job. Many direct sellers do work at other jobs, a fact considered in some DS papers (Sparks and Schenk 2006; Wotruba 1990; Wotruba et al. 2005). Economic logic suggests then that the greater is the number of hours worked outside of the DS opportunity, the more limited is the time available to work at one's DS distributorship, in turn suggesting a negative relationship between number of outside hours worked and both *income from direct selling* and *size of downline* outcomes. Research on the "gig economy" (Ashford et al. 2018; Meijerink and Keegan 2019) – which also involves independent contractor effort by individuals possibly working multiple jobs (Kuhn and Maleki 2017) – shows that maintaining multiple jobs has an ambiguous result on general job performance (Campion et al. 2020). In the DS context, Wotruba (1990) finds no statistically significant effect of outside employment on earnings per hour; but using the economic logic above, Wotruba's finding implies that the lower is the number of available hours to work one's DS business as one works outside jobs, the lower one's DS performance will be. We therefore hypothesize that:

H3: Hours not in direct selling has a negative effect on both income from direct selling and size of downline.

Met expectations: This variable refers to the worker's posterior assessment of the degree to which expectations aroused by the firm at the beginning of a working relationship are met (Porter and Steers 1973). This construct is considered in the organizational commitment literature (Cotton and Tuttle 1986; Griffeth et al. 2000; Steers 1977) and the DS context (Wotruba and Tyagi 1991) to investigate the relationship between met expectations and propensity to leave. A meta-analysis in the psychology area by Wanous et al. (1992) suggests a weak positive relationship between met expectations and overall job performance. And in the sales literature, the results of Sager and Johnston's (1989) model indicate a link between a construct similar to met expectations and salesperson performance. However, the relationship between met expectations and performance outcomes in the DS context remains unstudied. Building on these prior literatures, we therefore hypothesize that:

H4: Met expectations has a positive effect on both income from direct selling and size of downline.

Tenure: The academic sales research literature finds a positive relationship between experience and sales performance (Ahearne et al. 2010; Franke and Park 2006). In DS, the relationship between tenure and turnover intentions is studied (Wotruba et al. 2005), but not the relationship between tenure and the distributor's performance. Based on the findings in related fields, however, we therefore postulate:

H5: Tenure has a positive effect on both income from direct selling and size of downline.

2.3. Moderators of the relationship between IVs and performance outcomes

Beyond the direct effects of continuance commitment IVs hypothesized to drive income and size of downline for DS distributors, we hypothesize that not all distributors exhibit the same effects of each IV on our DVs, i.e., income from DS and size of downline. In particular, DS distributors are allowed to, and do, join for varying reasons, and a participant's independent-contractor status allows her to freely pursue the DS business opportunity in light of her own reasons for joining (Wotruba and Tyagi 1992). The individual's reason(s) to be a DS distributor therefore underpin(s) the way in which she takes advantage of the DS business opportunity; two individuals with different reasons for participation in the same DS firm face the exact same product line, compensation plan, and business opportunity, but can therefore choose to take advantage of the opportunity in very different ways. This implies not just that reasons individuals join as a DS distributor are expected to affect performance outcomes (which would simply imply a significant direct effect on performance outcomes), but more specifically that differences in these reasons are associated with differences in the effect of any of our hypothesized IVs on performance outcomes. For instance, the choice to work a specific number of hours per week at one's DS business may imply very different income or downline size achievements for those with different reasons to be a DS distributor in the first place. In short, moderators representing reasons to be a DS distributor are expected to act as segmentation dimensions that identify sub-groups with different performance outcome impacts of the same IVs.

Specifically, because this research concerns two economic outcomes – income from DS and size of downline – we hypothesize that two DS participation reasons that have economic implications will moderate IV effects on our model's DVs: first, to treat *direct selling as a career*, and secondly, in order to buy the DS company's *products at a discount*. These two reasons epitomize two important aspects of the economic benefits inherent in the DS distributor opportunity: product sales/consumption, and sales management through business-building.

Our first moderator, *direct selling as a career*, is a variable stating that the respondent either *is*, or *is not*, a DS distributor because "Direct selling is a career for me." Several references in the DS literature mention a career reason for joining (Crittenden and Crittenden 2004; Li et al. 2020; Sparks and Schenk 2006; Wotruba and Tyagi 1992), but do not hypothesize its effect on performance outcomes. Wotruba (1989), meanwhile, does not directly consider goal-setting as a moderator, but does seek to explain an income performance measure (the distributor's earnings per hour) with a construct similar, but not identical, to our "direct selling as a career" reason (his predictive construct is "goal setting"), finding that it exhibits no statistically significant direct effect on distributors' *earnings per hour.* His result logically implies that those distributors who work more hours per period will in fact make higher earnings than those who work less, implying an interaction effect with hours per period. In short, while prior researchers have not examined a career participation reason as a moderator, the limited evidence points to a positive moderator effect of the *direct selling as a career* reason to participate and our performance outcomes of *income from direct selling* and *size of downline*. We therefore expect distributors stating a *direct selling as a career* reason for participating to show an intensified relationship between each of our hypothesized IVs and our performance DVs. For example, we expect such "careerist" distributors to exhibit a higher income productivity per hour worked in DS. Accordingly, we postulate:

H6: Direct selling as a career moderates the relationships between IVs and DVs such that when a direct seller cites building a career as a reason to participate, the relationships between IVs and DVs are strengthened.

Our second moderator, *products at a discount*, is a variable stating that the respondent either *is*, or *is not*, a DS distributor because "I get the products at a discount." The personal consumption of the DS firm's products at lower-than-list prices is a common reason to be a DS distributor, compared to the default option of being a non-distributor consumer of the DS firm's products (Albaum and Peterson 2011; Direct Selling Association 2023), particularly because such discounts from suggested retail prices are very commonly available to direct sellers and do not depend on individual performance or work effort. The ability to consume the DS firm's products at a discount is an unsurprising reason to be a DS distributor, yet to our knowledge its effect on performance outcomes has not been examined in the DS literature. Further, it is particularly interesting to consider the differential moderating effect for those who do *not* cite product purchases at a discount as a reason to be a distributor (versus for those who *do* cite this reason). Non-product-discount participants clearly have different, non-personal-consumption, reasons for maintaining a DS distributorship, such as pursuing income and downline performance outcomes. We therefore propose that the effect of any of our hypothesized performance drivers on DS performance outcomes is intensified for distributors who do *not* cite product discounts as a reason to participate, relative to those

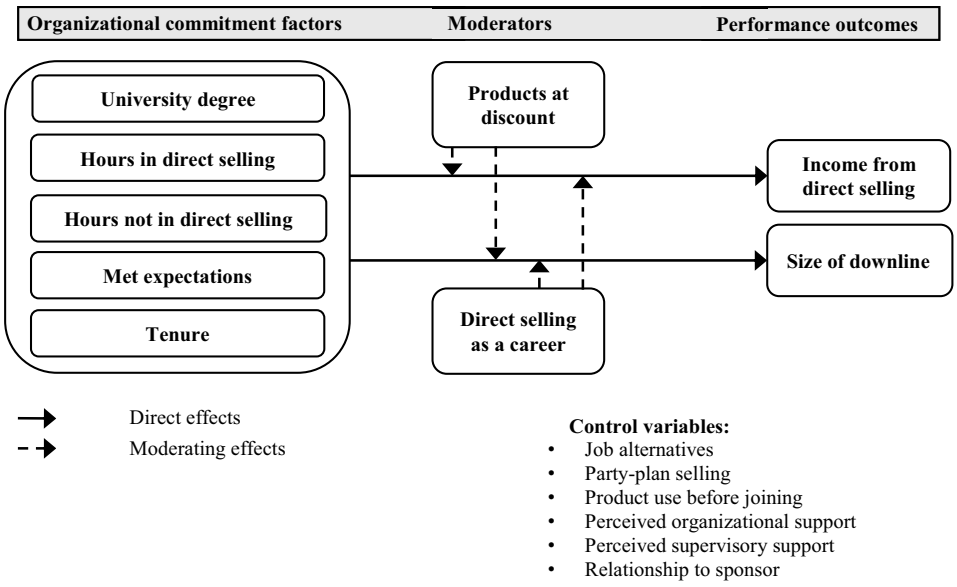

Fig. 1: Conceptual framework

who *do* mention this as a reason to be a DS distributor, because they must be motivated by a reason other than pure product preferences. For example, the effect of hours per week worked on one's DS business is hypothesized to be *less positive* for those who state products at a discount as a reason to be a distributor (versus for those who *do not* state this reason to be a distributor). Hence, we postulate that:

H7: Products at a discount moderates the relationships between IVs and DVs such that when a direct seller cites buying products at a discount as a reason to participate, the relationships between IVs and DVs are weakened.

We also include control variables that are not themselves measures of continuance commitment but may be expected to predict *income from direct selling*, *size of downline*, or both of our DVs. Taken together, these and our independent and moderator variables are postulated to explain *income from direct selling* and *size of downline* as represented in *Fig. 1*. *Tab. 1* provides information on the survey questions giving rise to our DVs, IVs, moderators, and control variables.

3. Research Method

We estimate our model using a cross-sectional dataset from a survey undertaken by an independent market research firm on behalf of the Direct Selling Association (DSA). The survey includes questions concerning the demographic characteristics of distributors, their experience in DS, details about their selling approaches, their attitudes and expectations, and their downline management activities. In total, 21,386 distributors participated in the survey. Of these, 90.25 % of participants are women, consistent with proportion of female distributors in DS business opportunities in general (Direct Selling Association 2023). After deleting observations where either one of our DVs (*Income_DS* or *Downline_Size*) was missing, or where our categorical control variable (*relationship to sponsor*) was missing, we have a final dataset of 16,388 observations on which to test our model. Only 1.61 % of the 196,656 (16,388 observations times 12 IVs) possible values of our continuous independent variables are missing. Given this low incidence of missing data, and the finding that different imputation methods do not affect results substantially in case of few missings (Franke et al. 2013), we imputed missing values by mean substitution.

As our model includes two dependent variables (*Income_DS* and *Downline_Size*), model estimation requires a test for the statistical independence of our DVs. We conduct a Breusch-Pagan test (χ^2 (1) = 4032.57; p ≤ .01) which rejects the hypothesis that the DVs are independent. Thus, accounting for the dependence between the dependent variables, seemingly unrelated regression (SUR) is an appropriate technique for estimation (Valsesia et al. 2016).

The survey uses single-item measures. While this can sometimes limit the value of such measures (Kamakura 2015), research has shown that results using single-item measures are similar to those using multi-item measures in model estimation with large sample sizes (Franke et al. 2013).

Since our data are survey-based, we must consider the possibility of common method variance (CMV) (MacKenzie and Podsakoff 2012; Podsakoff et al. 2003). However, the survey incorporates four procedural remedies that minimize potential bias. First, respondents' anonymity was assured and highlighted at the beginning of the survey. Second, the order of questions did not allow respondents to anticipate the purpose of our investigation. Third, different scale types, different numbers of scale points and different scale endpoints were used for different questions in the survey (Podsakoff et al. 2003).

Variables	Items
Dependent variables (DVs)	
Income from direct selling [Income_DS]	What is your annual gross income from direct selling, before taxes and expenses? Respondent chooses one of 15 options: {1: Nothing/zero; 2: < $2,000; 3: $2,000-$5,999; 4: $6,000-$9,999; 5: $10,000-$24,999; 6: $25,000-$49,999; 7: $50,000-$74,999; 8: $75,000-$99,999; 9: $100,000-$124,999; 10: $125,000-$149,999; 11: $150,000-$199,999; 12: $200,000-$249,999; 13: $250,000-$299,999; 14: $300,000-$399,999; 15: more than $400,000}. DV is coded with midpoints of the intermediate ranges, and $500,000 for value 15, as follows: {$0.00; $1,000; $3,999.50; $7,999.50; $17,499.50; $37,499.50; $62,499.50; $87,499.50; $112,499.50; $137,499.50; $174,999.50; $224,999.50; $274,999.50; $349,999.50; $500,000}.
Size of downline [Downline_Size]	What is the total number of representatives in your downline? _____
Independent variables (IVs)	
University degree [Edu ≥ College]	What is the highest level of education you have completed? 1 if college or higher, otherwise 0.
Hours in direct selling [Hours_in_DS]	Thinking about weeks when you spent time on your direct selling business, on average, how many hours per week do you spend on your direct selling business? This should include all aspects of your direct selling business including selling, preparing for parties/demonstrations, training, mentoring, administrative tasks, etc. (number of hours)
Hours not in direct selling [Hours_not_DS]	Excluding time for all direct selling work, how many other hours, if any, do you work for pay in a typical week? (number of hours)
Met expectations [Metexpect]	Now, please think about your expectations when you started direct selling. Has your experience fallen below your expectations (=1), met your expectations (=2), or exceeded your expectations (=3)?
Tenure	How long have you represented your company? _____ year(s)
Moderators	
People have different reasons for continuing as a direct seller. We would like to know yours. For each reason below, please check the box if it is a reason you continue to be a direct seller.	
DS as a Career	Direct selling is a career for me (1=yes, 0=otherwise)
Products at Discount	I get the products at a discount (1=yes, 0=otherwise)
Controls	
Job alternatives [Job_Alt]	If you were not involved in direct selling, which one of the following would you do instead of direct selling? (select one) [Other self-employment; more hours with a current employer; work with a new employer; receive government assistance (*i.e.* welfare); Nothing, I would not try to replace the income.] 1 if self-employment, more work with current employer or with new employer; otherwise 0
Party-plan selling [Party]	Is the company you are working for a party-plan company? (1=yes, 0=no)
Product use before joining [Product_Use]	Did you use the company's product before you began representing the company? (1=yes/no)
Perceived Organizational Support [POS]	Respondent agreement with statement "Now we would like you to please rate your company overall on the quality of the training and support they provide" (1=low quality, 5= high quality)
Perceived Supervisory Support [PSS]	Respondent agreement with statement "Now we would like you to please rate your sponsor or upline overall on the quality of the training and support they provide" (1=low quality, 5= high quality)
Relationship to Sponsor [Recruited_by]	At the time you were sponsored, what was the relationship you had with your sponsor or recruiter? o Someone you knew only as a representative of the company (base/reference category) o Another type of acquaintance not mentioned above (1=yes, otherwise 0) o A co-worker at a job outside of direct selling (1=yes, otherwise 0) o A relative outside your immediate family (1=yes, otherwise 0) o Immediate family member (1=yes, otherwise 0) o Close friend/neighbor (1=yes, otherwise 0)

Tab. 1: Overview of variables and items used in analyses

	Mean	Std. dev.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Dependent variables																
Income_DS (1)	11676.03	36447.96														
Downline_Size (2)	34.54	137.08	0.59													
Independent variables																
Edu ≥ College (3)	0.52	0.50	*0.01*	*0.00*												
Hours_in_DS (4)	13.93	11.97	0.30	0.23	-0.12											
Hours_not_DS (5)	23.88	20.72	-0.16	-0.14	0.07	-0.22										
Metexpect (6)	2.16	0.75	0.20	0.17	-0.05	0.20	-0.09									
Tenure (7)	3.47	3.71	0.22	0.20	0.02	0.08	-0.13	*0.01*								
Moderators																
DS as a Career (DS_C) (8)	0.38	0.48	0.19	0.17	-0.10	0.30	-0.15	0.28	0.02							
Products at Discount (P_D) (9)	0.62	0.49	-0.09	-0.09	0.03	-0.10	0.03	-0.07	0.10	-0.04						
Covariates																
Job_Alt (10)	0.63	0.48	0.10	0.10	-0.05	0.17	-0.04	0.05	*0.01*	0.18	-0.07					
Party (11)	0.77	0.42	-0.03	-0.06	*0.00*	0.05	*0.01*	0.13	-0.16	0.06	-0.02	*0.01*				
Product_Use (12)	0.65	0.48	-0.06	-0.09	-0.04	-0.05	*0.00*	*0.01*	0.10	-0.07	0.09	-0.11	-0.03			
POS (13)	4.55	0.81	0.06	0.06	-0.07	0.09	-0.03	0.38	-0.07	0.19	-0.06	0.07	0.07	-0.04		
PSS (14)	4.10	1.22	0.03	0.02	-0.01	0.00	0.02	0.24	-0.13	0.10	-0.02	0.03	0.04	-0.05	0.44	
Recruited_by (15)*	5.00	-	0.02	-0.05	-0.03	0.03	-0.04	*0.00*	0.14	-0.02	0.02	-0.02	*0.00*	0.07	-0.05	-0.10

Notes: All correlations are statistically significant at the 0.05 level (2-tailed) except the values in *italic letters*; results are based on the mean imputed dataset *As the variable is ordinally measured, we report the median and the Spearman's correlation.

Tab. 2: Means and correlations

And fourth, since the questionnaire was only distributed to direct sellers in the field, respondents could be expected to have the required ability to answer the questions correctly (MacKenzie and Podsakoff 2012). Our inclusion of moderators that introduce interaction effects into our model further reduces the risk of CMV (Siemsen et al. 2010). Beyond these remedies, we further report the results of the Harman Single Factor test. This test is still commonly used in the statistical evaluation of common method bias, despite some criticism (Baumgartner et al. 2021; Podsakoff et al. 2003). Recently, alternative analyses have been proposed, but they require the inclusion of additional items and suffer from different deficiencies (Baumgartner and Weijters 2021). Applying the Harman one-factor test, the single factor solution explains only 11.25 % of the total variance, which is below the common threshold of 50 %. This indicates that method effects do not substantially bias the findings in this research.

To investigate multicollinearity in our data, we calculate the correlation matrix of all IVs, moderators, and control variables and the VIF values. All correlations are well below 0.7, and the VIFs lie all between 1 and 1.41 – indicating little or no multicollinearity exists. The means and standard deviations for all variables, and the correlation matrix, are reported in *Tab. 2*.

4. Results

See *Tab. 3a* for *Income_DS* and *Tab. 3b* for *Downline_Size*, which present a multi-step procedure for our model estimation. The first model (Model 1) includes only the control variables from our conceptual framework. Model 2 additionally incorporates our organizational commitment factors as independent variables, as specified in our hypothesis development above. Finally, the complete model (Model 3) includes all moderation effects as well. The overall model fit improves substantially from Model 1 (*Income_DS*: R^2: 0.02, χ^2: 311.16, $p \leq .01$; *Downline_Size*: R^2: 0.03, χ^2: 445.13, $p \leq .01$) to Model 2 (*Income_DS*: R^2: 0.17, χ^2: 3280.13, $p \leq .01$; *Downline_Size*: R^2: 0.13, χ^2: 2484.52, $p \leq .01$) and from Model 2 to Model 3 (*Income_DS*: R^2: 0.23, χ^2: 4945.25, $p \leq .01$; *Downline_Size*: R^2: 0.17, χ^2: 3374.07, $p \leq .01$) for both DVs, indicating an increase in explanatory power caused by the newly introduced variable groups. Our continuance commitment factors as well as our segmenting moderators thus play a prominent role in explaining our dependent variables.

We find positive and statistically significant effects of the organizational commitment measures *Edu ≥ College*, *Hours_in_DS, Metexpect,* and *Tenure* on both *Income_DS* and *Downline_Size* ($p \leq .05$), supporting our hypotheses H1, H2, H4, and H5 in *Tab. 3a* and *Tab. 3b*. And as predicted in H3, our fifth commitment measure, *Hours_not_DS*, is significantly negatively associated with *Income_DS* and *Downline_Size.*

Consistent with H6, we find that the moderator *DS as a Career* intensifies the effects of all five commitment variables on both *Income_DS* and *Downline_Size* ($p \leq .05$), with the single exception of the interaction effect of *DS as a Career* with *Edu ≥ College* in the *Downline_Size* regression. Hence, the results show strong support for H6.

The moderator *Products at a Discount* also exhibits the hypothesized effect directions for all interaction effects. However, one of the interaction effects is not statistically significant (*Hours_in_DS x P_D* on *Downline Size*; $p > .05$). Overall, H7 also finds strong support. An overview of predicted and actual model effects is provided in *Tab. 4*.

Fig. 2a (for *income from direct selling*) and *Fig. 2b* (for *size of downline*) provide a graphical representation of each variable's impact on the specified DV, using a marginal effects approach proposed in Busenbark (2022). This approach allows us to depict the average[1] income (*Fig. 2a*) or downline size (*Fig. 2b*) at several relevant values of the independent variable in question while accounting for one moderator at a time. We discuss the effects in these figures and tables further in Section 5.

5. Discussion

Our model of the moderating effects of direct sellers' participation reasons on the relationship between continuance commitment factors and established DS-specific performance measures offers a new perspective on the importance of DS distributor segmentation (by reason to participate) in predicting distributor performance outcomes. Continuance commitment factors exhibit a large overall contribution to model performance, seen by comparing Model 2 to Model 1 in *Tab. 3a* and *Tab. 3b* above. The increase in explanatory power between Model 2 and Model 3 in *Tab. 3a* and *Tab. 3b* above indicates strong support for our hypothesized moderator effects as well.

Our research contributes to the literature and to practice by modeling and investigating the drivers of income from direct selling and size of downline together, using SUR to control for the relatedness between these two performance outcomes in the DS context. While these two outcome measures have been considered together in one prior research piece (Sparks and Schenk 2001), it subsumes the two measures into one combination performance outcome, whereas our SUR estimation process demonstrates that income and size of downline are instead two distinct performance outcomes with different driver effects. Not only are these two DV outcome measures distinct from a statistical estimation perspective, for which our SUR estimation process controls, but man-

[1] The average is built by inserting into each observation the selected value for the IV in question as well as each observation's observed value of the other IVs in the regression and averaging across all observations' predicted DVs.

DV: Income_DS	**Model 1: Only Controls**			*0.0186*		**Model 2: Controls and IVs**			*0.1668*		**Model 3: Controls, IVs and Interactions**			*0.2318*	
Variable	*B*	*SE*	*z*	*311.16*	*p*	*b*	*SE*	*z*	*3280.13*	*p*	*b*	*SE*	*z*	*4945.25*	*p*
Constant	1798.97	1805.89	1.00		0.32	12979.66	1843.99	7.04		0.00	14535.88	1858.42	7.82		0.00
Product_Use	-4049.16	599.08	-6.76		0.00	-4911.09	555.44	-8.84		0.00	-4064.24	536.12	-7.58		0.00
Recruited_by: *Close friend/neighbor*	-272.48	725.08	-0.38		0.71	3222.52	673.59	4.78		0.00	3322.07	647.23	5.13		0.00
Immediate family member	6100.02	1188.60	5.13		0.00	7961.88	1096.40	7.26		0.00	7041.25	1054.25	6.68		0.00
A relative (not immediate)	-1045.34	1533.73	-0.68		0.50	3455.80	1417.67	2.44		0.02	2874.72	1361.64	2.11		0.04
A co-worker at a non-DS job	-1355.99	1240.75	-1.09		0.27	3483.07	1152.11	3.02		0.00	2809.88	1106.64	2.54		0.01
Another type of acquaintance	646.65	782.50	0.83		0.41	3822.63	725.68	5.27		0.00	3585.33	697.16	5.14		0.00
Party	-3041.93	668.62	-4.55		0.00	-2665.54	628.19	-4.24		0.00	-2982.81	605.08	-4.93		0.00
Job_Alt	6864.46	590.10	11.63		0.00	3156.82	551.69	5.72		0.00	2053.38	536.05	3.83		0.00
POS	2266.42	391.08	5.80		0.00	-1002.31	379.43	-2.64		0.01	-1230.50	367.28	-3.35		0.00
PSS	-39.53	259.20	-0.15		0.88	554.98	241.60	2.30		0.02	617.01	232.21	2.66		0.01
Edu ≥ College						3101.18	527.52	5.88		0.00	2675.95	913.90	2.93		0.00
Hours_in_DS						720.75	23.20	31.07		0.00	492.50	42.10	11.70		0.00
Hours_not_DS						-122.36	13.03	-9.39		0.00	-73.67	22.35	-3.30		0.00
Metexpect						7263.46	383.47	18.94		0.00	6360.45	632.40	10.06		0.00
Tenure						1955.90	73.41	26.64		0.00	2227.46	139.33	15.99		0.00
DS as a Career (DS_C)											2655.95	775.96	3.42		0.00
Products at Discount (P_D)											-4391.72	752.25	-5.84		0.00
Edu ≥ College x DS_C											4200.20	1042.47	4.03		0.00
Hours_in_DS x DS_C											519.59	45.62	11.39		0.00
Hours_not_DS x DS_C											-179.91	26.07	-6.90		0.00
Metexpect x DS_C											4441.61	732.90	6.06		0.00
Tenure x DS_C											2729.99	143.62	19.01		0.00
Edu ≥ College x P_D											-2034.92	1037.59	-1.96		0.05
Hours_in_DS x P_D											-333.76	44.75	-7.46		0.00
Hours_not_DS x P_D											71.35	25.63	2.78		0.01
Metexpect x P_D											-3289.37	699.03	-4.71		0.00
Tenure x P_D											-2031.64	148.74	-13.66		0.00

Notes: All continuous independent variables are mean-centered; χ^2 tests are all highly statistically significant (p≤ .01).

Tab. 3a: Seemingly unrelated regression results for Income from Direct Selling as dependent variable (DV)

DV:	**Model 1:**		R^2	*0.0264*	**Model 2:**		R^2	*0.1316*	**Model 3: Controls,**		R^2	*0.1707*
Downline Size	**Only Controls**		χ^2	*445.13*	**Controls and IVs**		χ^2	*2484.52*	**IVs and Interactions**		χ^2	*3374.07*
Variable	*B*	*SE*	*z*	*p*	*b*	*SE*	*z*	*p*	*b*	*SE*	*z*	*p*
Constant	2.95	6.77	0.44	0.66	38.34	7.08	5.42	0.00	43.29	7.26	5.96	0.00
Product_Use	-22.07	2.24	-9.83	0.00	-25.79	2.13	-12.09	0.00	-22.68	2.10	-10.82	0.00
Recruited_by: *Close friend/neighbor*	8.74	2.72	3.22	0.00	20.53	2.59	7.94	0.00	20.39	2.53	8.06	0.00
Immediate family member	22.72	4.45	5.10	0.00	29.26	4.21	6.95	0.00	25.91	4.12	6.29	0.00
A relative (not immediate)	3.75	5.75	0.65	0.51	18.99	5.44	3.49	0.00	17.27	5.32	3.25	0.00
A co-worker at a non-DS job	2.32	4.65	0.50	0.62	18.83	4.42	4.26	0.00	16.65	4.32	3.85	0.00
Another type of acquaintance	10.51	2.93	3.59	0.00	21.36	2.79	7.67	0.00	20.34	2.72	7.47	0.00
Party	-21.96	2.50	-8.77	0.00	-19.42	2.41	-8.05	0.00	-20.99	2.36	-8.88	0.00
Job_Alt	25.86	2.21	11.70	0.00	15.13	2.12	7.14	0.00	10.75	2.09	5.13	0.00
POS	9.98	1.47	6.81	0.00	-0.51	1.46	-0.35	0.73	-1.46	1.44	-1.02	0.31
PSS	-1.32	0.97	-1.36	0.17	0.64	0.93	0.69	0.49	0.77	0.91	0.85	0.40
Edu ≥ College					7.62	2.03	3.76	0.00	11.30	3.57	3.17	0.00
Hours_in_DS					1.93	0.09	21.69	0.00	1.00	0.16	6.08	0.00
Hours_not_DS					-0.44	0.05	-8.80	0.00	-0.26	0.09	-3.03	0.00
Metexpect					24.55	1.47	16.68	0.00	23.47	2.47	9.50	0.00
Tenure					7.05	0.28	25.02	0.00	6.61	0.54	12.14	0.00
DS as a Career (DS_C)									16.95	3.03	5.59	0.00
Products at Discount (P_D)									-15.11	2.94	-5.14	0.00
Edu ≥ College x DS_C									3.50	4.07	0.86	0.39
Hours_in_DS x DS_C									1.14	0.18	6.40	0.00
Hours_not_DS x DS_C									-0.59	0.10	-5.83	0.00
Metexpect x DS_C									15.68	2.86	5.48	0.00
Tenure x DS_C									8.78	0.56	15.65	0.00
Edu ≥ College x P_D									-7.89	4.05	-1.95	0.05
Hours_in_DS x P_D									-0.25	0.17	-1.42	0.16
Hours_not_DS x P_D									0.21	0.10	2.11	0.04
Metexpect x P_D									-14.62	2.73	-5.35	0.00
Tenure x P_D									-4.43	0.58	-7.62	0.00

Notes: All continuous independent variables are mean-centered; χ^2 tests are all highly statistically significant ($p \leq .01$).

Tab. 3b: Seemingly unrelated regression results for Size of Downline as dependent variable (DV)

Hypothesis	IV/Moderator	Hypothesized effect	Results for: Income from DS	Results for: Size of Downline
IVs				
H1	Edu ≥ College	(+)	✓	✓
H2	Hours_in_DS	(+)	✓	✓
H3	Hours_not_DS	(-)	✓	✓
H4	Metexpect	(+)	✓	✓
H5	Tenure	(+)	✓	✓
Moderators				
H6	DS as a Career	strengthens relation	✓	
	x Edu ≥ College	(+)	✓	**X**
	x Hours_in_DS	(+)	✓	✓
	x Hours_not_DS	(-)	✓	✓
	x Metexpect	(+)	✓	✓
	x Tenure	(+)	✓	✓
H7	Products at Discount	weakens relation		
	x Edu ≥ College	(-)	✓	**X***
	x Hours_in_DS	(-)	✓	**X**
	x Hours_not_DS	(+)	✓	✓
	x Metexpect	(-)	✓	✓
	x Tenure	(-)	✓	✓

Notes: ✓: Hypothesis supported; **X:** Hypothesis not supported. Hypothesis tests are performed using Model 3. *: the z-statistic and p-statistic of (products at a discount x Edu ≥ College) in the downline size regression are -1.95 and 0.052, respectively, indicating that this effect is marginally significant.

Tab. 4: Predicted and actual model effects

agerially they are distinct as well because they represent distinct elements of the DS distribution channel and its allocation of responsibilities to the distributor force. Our approach thus shows the contribution of our multi-outcome estimation process in the DS context.

Our research makes further contributions by investigating the importance of new drivers of DS performance outcomes that have not been considered in prior research: *Edu ≥ College*, *Metexpect*, and *Tenure*. As *Fig. 2a* and *Fig. 2b* show, varying each of these IVs produces significant marginal changes to both *income from direct selling* and *size of downline*. For example, increasing *Tenure* from 2.5 to 4 years implies a predicted change in *income from direct selling* among careerists from US-$9,713.49 annually to US-$15,266.12, but among non-careerists implies a predicted change in income from US-$7661.37 to only US-$9,119.01 – a much smaller predicted income effect of the same change in *Tenure*. Conversely, increasing *Tenure* from 2.5 to 4 years implies a predicted change in *income from direct selling* among respondents *not citing* "*Products at a Discount*" as a reason to participate from US-$11,765.65 to US-$16,649.64, but among respondents *citing* "*Products at a Discount*" as a reason to participate only from US-$8,401.23 to US-$10,237.96. Thus, consistent with our moderator hypotheses, we find that the impact of *Tenure* on either income or size of downline is *intensified* for careerists versus non-careerists but is *weakened* for those citing discount product buying as a reason to participate versus not citing this as a reason. Similar results are seen for the effects of *Edu ≥ College* and *Metexpect* on *income from direct selling* and are also seen in examination of all analogous predicted effects for *size of downline* (*Tab. 3a*).

Our model results are consistent (in sign and significance) with 27 out of the 30 postulated effects (*Tab. 4*). Remarkably, all of our hypotheses concerning the direct effects of continuance commitment IVs on DS distributor performance outcomes are supported. The graphical representations of empirical effects for our two DVs (*income from direct selling* and *size of downline*, *Fig. 2a* and *Fig. 2b*) show that our models for both DVs capture relevant drivers of these DS performance outcomes.

Moreover, we find for both DVs that the continuance commitment IVs can be divided into two groups in terms of the magnitude of their effects. *Hours_in_DS* and *Tenure* have a substantially higher impact on the two dependent variables than do the other three independent variables (*Edu ≥College*, *Hours_not_DS,* and *Metexpect*). See *Fig. 2a* and *Fig. 2b* for an illustration of the magnitudes of these effects. For example, comparing two distributors with weekly *Hours_in_DS* values of 20 versus 40 implies a predicted change in *income from direct selling* among careerists from US-$17,643.28 annually to US-$33,759.32, but among non-careerists implies a predicted change in *income from direct selling* from only US-$9,786.52 to only US-$15,510.77 – a much smaller predicted income effect of the same increase in weekly work hours in the DS opportunity. Conversely, increasing weekly hours worked from 20 to 40 implies a pre-

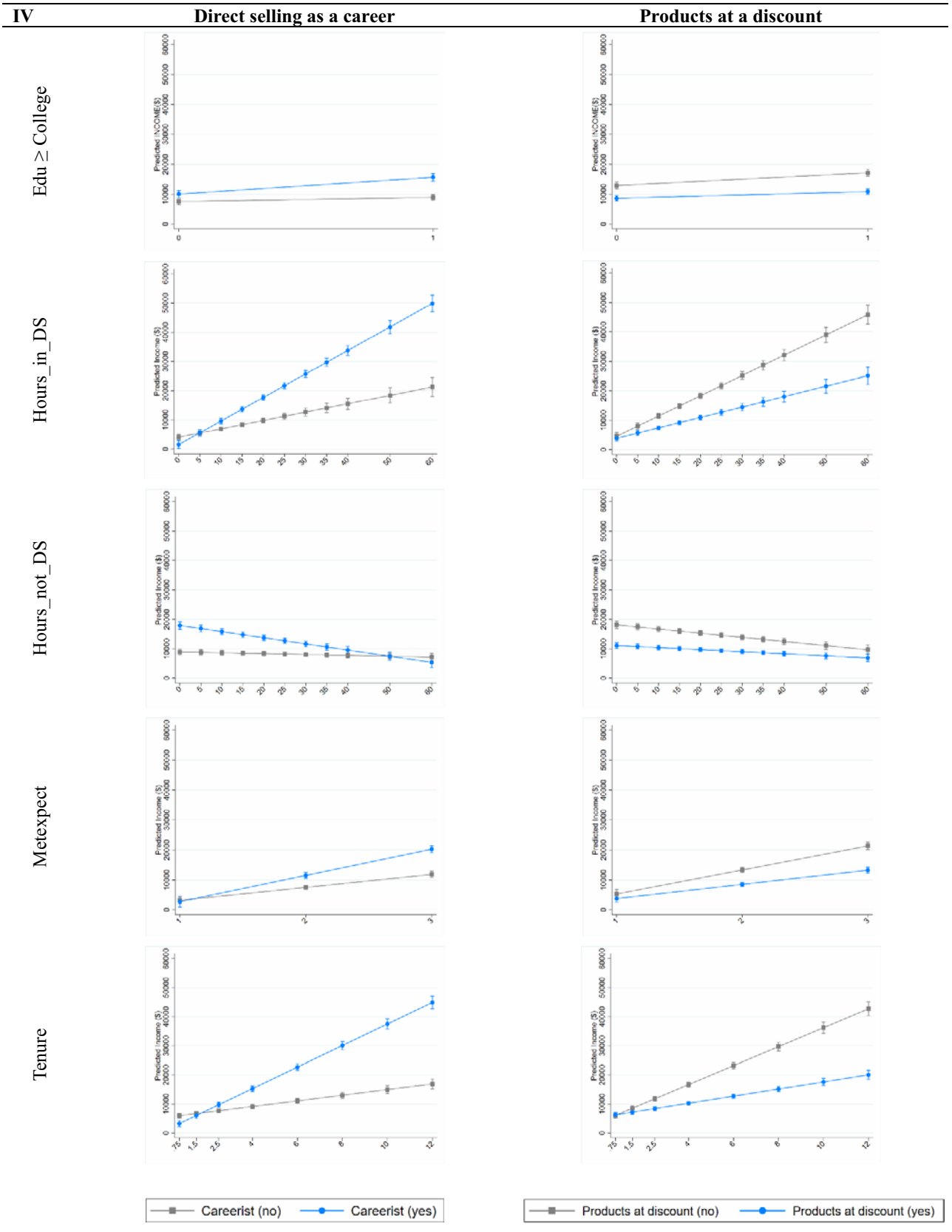

Fig. 2a: Marginal effects for both moderators: DV=Income from direct selling

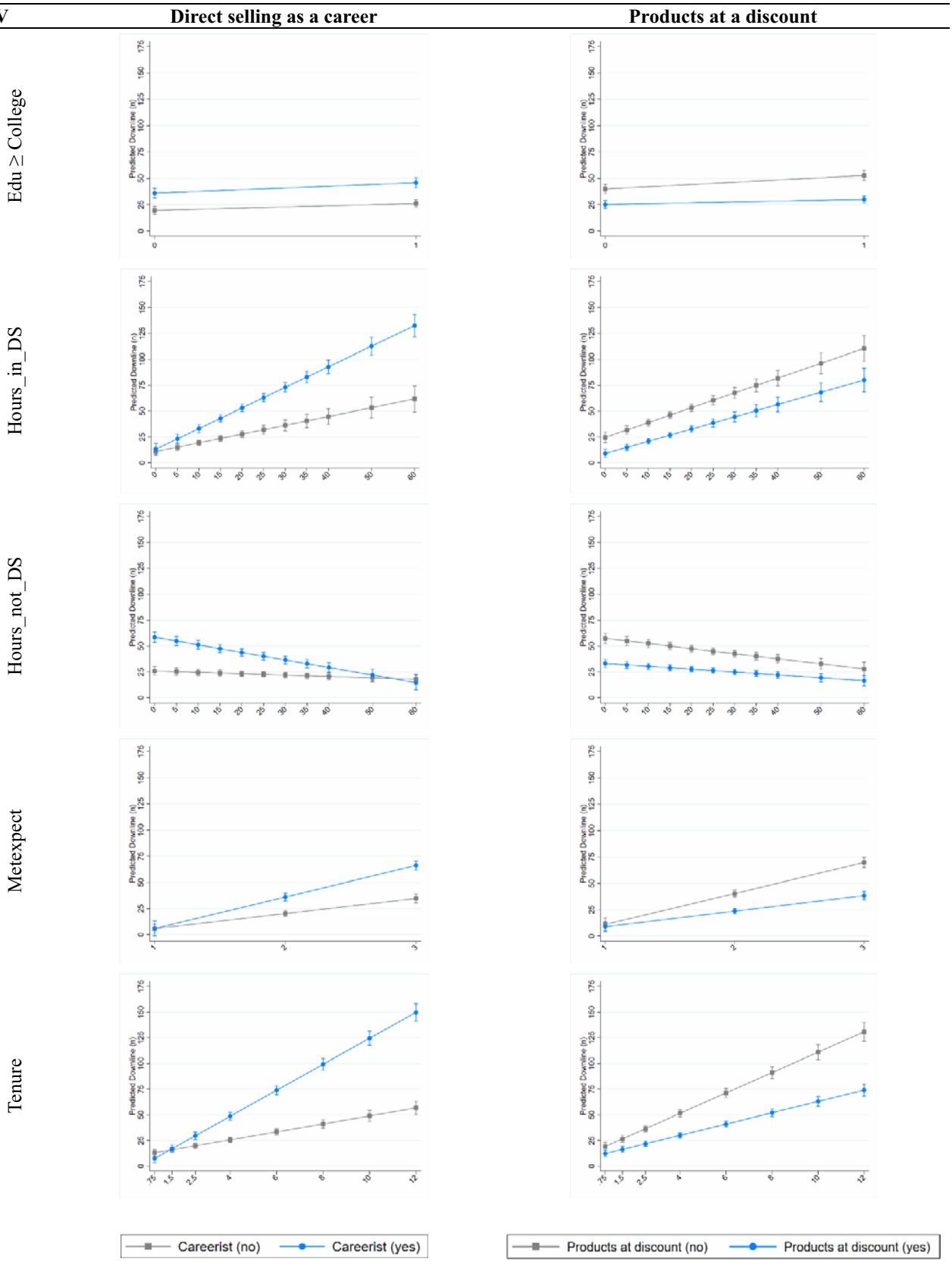

Fig. 2b: Marginal effects for both moderators: DV=Size of downline

dicted change in *income from direct selling* among respondents *not citing* "*Products at a Discount*" as a reason to participate from US-$18,314.71 to US-$32,080.32, but among respondents *citing* "*Products at a Discount*" as a reason to participate only from US-$10,951.88 to US-$18,042.36. As in the above discussion regarding *Tenure*, here too with *Hours_in_DS* we see that the impact of weekly work hours on either *income from direct selling* or *size of downline* is *intensified* for careerists versus non-careerists but is *weakened* for those citing discount product buying as a reason to participate versus not citing this as a reason. Similar results are also seen in examination of all analogous predicted effects for *size of downline* (*Tab. 3b*).

We find another interesting pattern for our moderators that is consistent, albeit not always statistically significant, across all IVs for both DVs: it appears that *DS as Career* strengthens the relation between each IV and DV in question, while *Products at a Discount* weakens it, consistent with H6 and H7. In other words, consistent with H6 and H7, careerists consistently outperform non-careerists in the effects of our IVs on income and downline outcomes, while sellers engaged in DS for products at a discount consistently underperform sellers not engaged in DS for product discounts on these same outcome dimensions.

We also find that the moderator *DS as a Career* is generally associated with larger IV impacts than is the moderator *Products at a Discount*. While our survey data do not permit precise explanation for this difference, the empirical finding is simply that a career (versus not career) reason for participating is evidently a stronger incremental differentiator than is a discount product buying (versus not) reason for participating.

Interestingly, in some cases the effect of a moderator is erased for certain variations in IVs. Differences in our performance outcomes between careerists and non-careerists decrease with increasing values of *Hours_not_DS*. The predicted *income from direct selling* and *size of downline* for careerists in fact falls to levels close to or lower than those of non-careerists, for non-DS working hours reaching full-time levels. This result is consistent with the notion that a substantial involvement in another occupation distracts a careerist from their DS activities, to the extent of wiping out any positive overall outcome difference due to being a careerist versus not. The same finding holds also for distributors not interested in product discounts. Their performance level approaches, to a lesser extent, the level of the sellers focused on product discounts, as working hours outside of DS increase. This, again, can be explained by a shift in focus that comes with substantial involvement in another occupation.

5.1. Academic implications

This research adds to the current literature on sales performance, organizational commitment, and direct selling by examining the moderating effects of two reasons for participation stated by DS distributors on the relationship between continuance commitment factors and DS-specific performance outcomes. Our results show that our hypothesized continuance commitment factors strongly explain performance in the DS sales and business-building context.

Second, while income is an obvious economic outcome measure to consider in evaluating salespeople's performance, it is incomplete in the DS context, where the DS firm has devolved to the distributor force not only retail selling responsibilities but also sales management (that is, sales force recruitment and mentoring) responsibilities. In this context, including both *income from direct selling* and *size of downline* as DVs is an important academic contribution that the pure sales literature does not make – because employee sales forces are not responsible for recruitment. Our research shows that while both DVs are important economic outcome measures, and are correlated, they nevertheless are differently driven by our IVs and moderators. The incorporation of both performance outcome variables thus provides a more holistic understanding of success in the DS distribution channel.

Third, we expand research on DS performance by incorporating new predictors: met expectations (*Metexpect*), *Edu ≥ College*, and tenure as a DS distributor with this firm (*Tenure*). To the best of our knowledge, prior DS research has not examined the effects of these drivers on DS performance outcomes.

Fourth, we offer helpful guidance on examining the effect of multiple job-holding on performance for other distribution channels and occupations, derived from a channel that is familiar with this phenomenon for some time. The increasing prevalence of the gig economy may have consequences relevant to explaining worker performance, among other things, and thus are worth investigating further.

Fifth, our empirical analysis indicates that reasons to participate as a DS distributor prove to be successful statistical moderators in our model, differentiating productivity effects between different segments of direct sellers. Stating that career is a reason to participate (or not), and stating that discount product purchases is (or is not) a reason to participate, are not just two more drivers of DS distributor performance outcomes. Instead, they moderate the impacts of all other IV drivers of *income from direct selling* and *size of downline*, in significant ways that are consistent with our model's hypotheses. Our moderators in essence define different segments of DS distributors, whose productivity of different drivers of performance outcomes are very different – an insight not previously shown to our knowledge.

5.2. Managerial implications

DS distributor income, and downline size generation, are important to the DS firm as well as to the distributor, because the DS distribution channel structure allocates re-

sponsibility for retail sales generation – but also for sales recruitment and sales manager functions – to the distributor force. Further, this distributor force, made up of independent contractors, is not required to engage in activities supporting either of these outcomes. In light of this, research insights into the drivers of both of these outcomes are useful to managers as well as to academics.

Our research indicates that *Tenure* and *Hours_in_DS* have the largest direct impact on the distributors' performance of all of the continuance commitment IVs in our model. This suggests that DS firms may benefit from efforts to educate the distributor force not only about the necessity to work hard to achieve results (a common message), but also to suggest that more time, well spent, with the adoption of business-focused DS distributorship goals, may be even more productive. There may well be a limit to the ability of a DS firm to "transform" a non-careerist distributor into a careerist, but in both groups, the impact of work hours is notable.

Interestingly, this research fails to show strong differences in income and downline results with respect to a distributor's pursuit of work hours in other jobs beside the focal DS opportunity. While our data do not permit an investigation of why this result holds, the finding implies that identifying the set of distributors with other work hours outside of DS is not likely to provide an internal barometer predicting poorer performance outcomes in this segment of the distributor population. The results also suggest that it could be valuable for DS managers to identify at an early stage of a distributor's tenure, what the reasons for participation are. Distributors stating a career reason for participation could be supported more intensively, for example by offering them guidance and training to handle typical obstacles to building a DS selling and sales management business. They could also be given the opportunity to benefit from the knowledge of high-performing distributors through mentorship or other interaction programs. Meanwhile, distributors with a participation reason of discount product purchasing could be treated differently, particularly in the subset who show few other business-related reasons to participate at all. Instead, the firm could create informational and training materials that the personal consuming distributor could use to convey the benefits of the products to friends and family – if interested – in a way that does not seek to force them to participate in the distributorship at a level they are not interested in.

Conversely, the subset of distributors who *do not* state that discount product purchases are a reason they participate as a distributor may more naturally be open to the retailing and recruiting/business-building opportunities DS offers. As a result, knowing who is in this segment can provide a target for training and other materials promoting the business opportunity at retail and sales management levels.

5.3. Limitations and future research

This paper is subject to some limitations that provide opportunities for future research to address. The large scale of this study with respondents from many different DS firms is beneficial, but its focus on self-reported cross-sectional survey results and lack of factual firm data could be improved in future work. Even though we find highly statistically significant effects and are confident that we can derive both directional indications and strong ideas about the magnitude of the effects from the data, we encourage future research to use observational measures of performance to enhance our understanding of performance in DS, and to seek time-series or other dynamic data sources to improve causal inferences.

Lastly, large-scale data collection led to the use of single-item measures and limited the number of included variables. Some of the included items were selected based on practical considerations by experts in the field. Future research could validate the reported findings using more accurate multi-item measures and including all known performance drivers.

In summary, this research moves the literature and practice insights forward in understanding drivers of DS distributor performance outcomes of income and downline size generation. It further adds to our understanding by showing the power of moderators defined by reasons to participate as a DS distributor, that effectively segment the DS population in a measurable way that not only creates research insights but also suggests managerially practicable actions. Finally, we hope that it spurs more research to expand our knowledge in these areas while improving causal inference and company data-enhanced research datasets.

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