

# NETWORKING CAPITALISM: Network Construction and Control Effects In Direct Selling

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Drawing on a qualitative study of direct selling in Taiwan, this article examines the process of network construction and its control effects over distributors. I found that weak ties, rather than strong ties, constitute major networks for distributors to expand their business. In order to consolidate trust within weak ties, distributors develop two major strategies: personalizing sales and familiarizing sponsorship. They are engaged in a multilevel performance of emotional labor in facing the audience of customers and fellow distributors. Social networks not only function as a facilitator of economic exchange but also become a means of labor control that permeates both public and private lives of distributors.

Direct selling organizations (DSOs) are often portrayed as homelike settings characterized by horizontal cooperation and affective bonds, in contrast to other workplaces governed by the principles of bureaucracy and competition. Nevertheless, this industry has attracted criticism such as “being insincere” and “exploiting friends” for its use of personal relations as the medium of selling products and recruiting distributors. The overlap of making money and making friends in direct selling raises some sociologically meaningful questions: How do DSO distributors maintain trust and consolidate networks as they channel personal relations toward lucrative purposes? What are the social consequences and disciplinary effects generated in the practices of embedding business associations in social networks?

To address these questions, I conducted qualitative research on DSO distributors in Taiwan with a focus on the process and effects of network construction. My findings, in contrast to general impressions, suggest that weak ties, rather than strong ties, constitute major venues for DSO distributors to expand their business networks. In an attempt to consolidate trust within weak ties, distributors have to transform transaction links with their customers into personal connections and remodel business alliances with their recruits as family ties. As a consequence, social networks not only function as a facilitator of economic exchange but also become a less visible yet more powerful mechanism of labor control that permeates the public and private lives of distributors.

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## NETWORKING PROCESS AND CONTROL EFFECT

The industry of “network direct selling” (also known as “network marketing,” “multi-level marketing,” or abbreviated as “direct selling”) originated in the United States in the 1920s.<sup>1</sup> Successful DSOs such as Amway and Mary Kay have developed into multinational corporations in the last three decades. Three major features distinguish DSOs from other economic organizations. First, distributors are not formal employees but are “independent distributors” of DSOs. Second, without a fixed retail location or mass advertising, DSOs rely solely on distributors’ personal relations to approach customers on a face-to-face basis. Third, DSO distributors recruit each other and form multilevel sponsorship networks that are concurrently financial ties under the governance of a hierarchical system of distributing royalties based on seniority.

Previous sociological studies of DSOs have focused on their organizational culture and transforming effects on distributors. Nicole Biggart, in her now-classic book *Charismatic Capitalism* (1989), argues that DSOs are best understood as a charismatic form of organization, whose control strategies include creating a new self, soliciting moral commitment, and celebrating group membership. Following a Weberian problematique, Biggart is primarily interested in the establishment of legitimate authority and the transformation of economic rationality. As such, her analysis focuses on the management strategies that cultivate distributors by diffusing organizational ideologies and moral values of DSOs. The notion of “charismatic control” mainly captures the leadership of DSO founders and genealogy leaders, thus diverting her attention from the distributor-customer relationships or upline-downline networks.

In a similar vein, two recent studies on Amway distributors continue to explore the practices of DSO organizational culture. Michael Pratt (2000) bluntly uses the term “brainwashing” to describe the dual processes of “sensebreaking” and “sensegiving” that DSOs combine to transform the identities of distributors. Focusing on DSO management practices such as dream building and positive programming, he distinguishes different organizational conditions that lead to positive, negative, or ambivalent identification. Cheris Shun-Ching Chan (2001) describes Amway as a “reenchanted workplace” that rejuvenates instrumental rationality by sacralizing business with cultish rituals and religious discourses.

All these studies demonstrate the functioning of “normative control,” a common paradigm of labor control in contemporary work organizations. Normative control refers to the attempt to elicit and direct the required actions of members by controlling their underlying experiences, thoughts, and feelings (Etzioni 1961; Kunda 1992). This control method builds on the three classic paradigms of labor control: simple control, technical control, and bureaucratic control (Edward 1979). Although Richard Edward (1979) implies an historical linearity among these paradigms, these control techniques are not exclusive to each other but could be complementary. As Gideon Kunda (1992, p. 220) writes, “Systems of managerial control build on, rather than replace, one another.” In the case of direct selling, ideological or normative control is conducted in webs of personal relations but without a framework of bureaucratic corporation. As such, the diffusion of organizational ideologies has to rely on personal networks among distributors, and the medium of surveillance returns to mutual monitoring. My research on DSOs in Taiwan thus emphasizes the social infrastructure of organizational culture: the process of network construction and the resulting effects of network control.

Biggart (1989, p. 174) notes that direct selling exemplifies the embeddedness of economic activities in social relations, a thesis widely discussed by recent economic sociologists (Granovetter 1985). Yet, she makes no distinction among the variety of social ties incorporated into DSO business, and she offers no documentation on the process and consequence of network construction. This shortcoming reflects a common problem in network studies that view social relations as static organizational assets or given cultural features, thereby overlooking subjective meanings and human agency involved in the actual reproduction and transformation of social networks (Emirbayer and Goodwin 1994).

To fill this gap, I argue that the embeddedness of network-based economic activities involves a dynamic process of network construction: “networking.” The concept of networking is borrowed from Nitin Nohria (1992, p. 7): “Networks are as much *process* as they are *structure*, being continually shaped and reshaped by the actions of actors who are in turn constrained by the structural positions in which they find themselves” (emphasis added). This concept highlights the constant reproduction and transformation of social networks, a process constituted by the actions of network members. In the case of direct selling, the networking process is composed of two major parts. First, DSO distributors select, mobilize, and activate various kinds of personal relations, such as a distinction between strong ties and weak ties (Granovetter 1973), to establish business alliances. Second, DSO distributors further transform the form and substance of social/business networks in order to consolidate trust and resolve tensions inherent in network-based economic activities.

The process of networking for business ends involves an articulation of making money and making friends, or the integration of instrumental rationality and value rationality (Biggart 1989). It is not a smooth project but contains inherent tensions. How distributors experience and overcome emotional anxiety in the process of network construction is a crucial topic that has been overlooked by earlier DSO studies. The lack of an analysis of this aspect is partly due to the fact that most researchers, including Biggart, interviewed only active (successful) distributors but not inactive (“dead”) ones.<sup>2</sup> In fact, a significant proportion of DSO distributors quit as they face emotional anxiety and identity conflict when conflating business networks and personal relations. Those who continue and succeed have gone through a strenuous journey of learning how to manage their own and others’ feelings.

This learning process manifests the disciplinary effect of networking. I introduce the term “network control” to describe labor control generated in network-based economic activities.<sup>3</sup> I characterize network control with two major features in terms of its agent and scope. First, the agent of network control is not an external enforcement of bureaucratic management but individuals embedded in the social/business networks. Drawing on Michel Foucault (1980, p. 98), I view power in the mode of network control not as domination of one individual or group over another but as effects deployed and exercised through a “net-like organization” in which “individuals are the vehicles of power, not its points of application.” DSO corporations place very limited regulation over the actual labor process of distributors, except for distributing commissions and royalties according to retailing and recruiting records. This system, however, incorporates customers as an agent to supervise distributors’ behaviors and channels sponsorship networks among distributors into schemes of financial interdependence and mutual surveillance. Network control describes the situation in which actors become the objects

as well as the bearers of labor control in the process of networking. They not only discipline themselves but also monitor the behavior of other actors embedded in the social/business networks.

Second, the scope of network control expands into both the public and private spheres of distributors, who are engaged in boundaryless emotional management. Arlie Hochschild (1983) argues that emotional performance of service workers is no longer a private act but becomes a public display under the control and supervision of managers. Despite producing no material products, service workers may become alienated from their feelings or selves in a manner similar to the alienation of deskilled manufacturing workers. Direct selling offers a significant case for the commercialization of emotions but challenges the public/private dichotomy, an implicit framework in Hochschild's analysis.<sup>4</sup> The articulation of personal networks and business alliances breaks down the boundary between the work and family lives of DSO distributors. Despite the fact that distributors must manage their feelings for a commercial purpose, their emotional control takes place across work and non-work settings and under the supervision of other network members who are business partners as well as friends.

## RESEARCH DESIGN AND METHODS

As most of the existing studies were of DSOs in the United States, the development of DSOs across cultural contexts is not yet under sufficient sociological scrutiny. According to the World Federation of Direct Selling Association, among the ten countries with the highest DSO retail sales in 1998, three were East Asian countries: Japan, South Korea, and Taiwan. DSOs in Hong Kong, Singapore, and Malaysia also achieve significant retail records given the moderate size of their populations.<sup>5</sup> My research centers on DSOs in Taiwan, a case with both empirical and theoretical significance. Since 1982, when Amway established its first branch in Taiwan, the popularity of direct selling has rapidly grown into another "economic miracle" of Taiwan. Despite its limited population (twenty million), retail sales by DSOs in Taiwan in 1998 ranked ninth in the world.<sup>6</sup> By the end of 1999, the reported number of DSO members in Taiwan was as high as 2.8 million. Almost 13 percent of the population over eighteen years old in Taiwan has been a member of a DSO, 4 percent have bought or sold DSO products, and 2.3 percent have recruited distributors for DSOs (FTC 2000).<sup>7</sup>

The case of Taiwan not only offers a lens to observe the prosperity of DSOs in East Asia but also underscores the theoretical significance of social embeddedness in East Asian economies. Scholars have identified some organizational features of East Asian capitalism, such as status hierarchy, extended family networks, and social embeddedness, that are distinctive from firm-based Western capitalism (Hamilton and Biggart 1992; Hamilton 1994). Taiwan is especially singled out as a society where a large amount of social resources is invested in teaching individuals the importance of human relations, thus creating an institutional and cultural framework within which social networks and relational practices can serve economic purposes (Hwang 1987; Winn 1994).

Taiwan's case is also theoretically significant for observing network construction among DSO members, because many Taiwanese distributors are highly involved in and committed to this "career." In comparison with their U.S. counterparts, DSO distributors in Taiwan consist of a more significant proportion of men, well-educated people, and full-time workers.<sup>8</sup> A survey revealed that nearly 20 percent of Taiwanese distributors

worked full-time, over 15 percent possessed college or graduate degrees, and the number of male and female distributors was almost identical (Chang 1993). More than half of my interviewees joined direct selling by giving up their day jobs, including some with a decent income and professional status such as computer engineers and business managers. For them, direct selling represents not merely a source of supplementary income but also an alternative career path with the promise of successful entrepreneurship.<sup>9</sup>

My fieldwork was carried out in Taipei during the spring of 1995 and summer of 1997. I selected four major American DSOs for study, excluding Japanese or Taiwanese DSOs, so I could examine the transformation of U.S. organizational practices in other cultural contexts. Although variations exist among these four DSOs in terms of organizational culture and sponsorship schemes, my research focuses on their common features and similar practices rather than their differences. My main research methods included ethnographic observation and in-depth interviews. I attended numerous sales home parties, weekly group meetings, recruitment seminars, training classes, and hotel extravaganzas. All informants were aware of my research purpose. Despite this, some still tried to recruit me during the research process. My role in the field was thus as an observer and sometimes a participant (potential distributor). In addition, I collected guidelines and success stories published in direct selling newsletters and magazines to compare with the findings from my interviews and field observations.

I interviewed twenty units of distributors (twenty-six persons) working for these DSOs. I initially approached interviewees through open sampling and snowballing. My later selection of interviewees considered widening the variation in gender, age, marriage status, and education. The interviewees included ten women (four single, six married), six married couples, and four single men.<sup>10</sup> They were of various position levels and working situations. At the time of interview, three women, one couple, and one man were inactive; two women and four men (including two husbands) were working part-time; and the rest were working full-time. Six were located in the higher positions of the status hierarchy, six were at the middle level, and eight were at the lower level. All interviews were recorded and fully transcribed. They were originally conducted in Chinese and later translated into English as quoted below. All names used in this article are pseudonyms.

## NETWORKING DIRECT SELLING

A DSO distributor actually performs three different roles: consumer, retailer, and recruiter. Every distributor is a previous and current consumer. After being “recommended” or “sponsored” by a distributor, an ordinary consumer becomes a “member” entitled to purchase commodities at wholesale prices and to solicit other consumers. The sponsor who recruits a new distributor is called an “upline” and the recruited distributor is a “downline.” Distributors are not employees of DSOs. They hold independent franchises with income from two sources. First, a distributor makes a profit on goods sold personally, usually about a 30 percent markup on the retail price. Second, after recruiting a certain number of downlines and receiving a promotion to “director,” a distributor can earn royalties from the sales of their downlines, as well as from the sales of people recruited by their downlines. This royalty, ranging from 3–20 percent, is determined by the position that a distributor achieves in “the ladder of success,” a hierarchical scale of status. The more downlines an upline recruits, the higher the position of the upline.

Such an organizational design has many advantages for DSOs. First, it achieves an organizational flexibility by creating a self-expanding and self-regulating labor force. Distributors are recruited from the pools of consumers and their labor performances are measured by bonuses and royalties they earn. Those who maintain good sales and recruitment records are promoted to a higher position with a larger percentage of royalties, while those who slide down “the ladder of success” lose their share of royalties but retain the identity of consumer. Second, such a flexible staffing practice lowers organizational costs for DSOs. Unlike bureaucratically supervised employment, DSOs need not provide independent distributors with salaries, pensions or other benefits. They also reduce the expenses of management and advertising, since distributors are responsible for recruiting and training new workers. These spared expenses allow DSOs to afford a generous payment of commission and royalty for their distributors. For example, DSOs in Taiwan spend an average of 45 percent of their total costs in paying bonuses and royalties (FTC 2000). Third, a network-based sales force facilitates the retailing of DSO products that are mostly for daily consumption.<sup>11</sup> DSOs perpetuate a stable source of consumers grounded on personal connections between distributors and consumers; the former monitor the latter to ensure their frequent consumption of DSO products.

A commonsense impression about direct selling is that distributors mostly sell products to and recruit people from their relatives and close friends. Actually, this is true in the beginning but not in later stages, for two reasons. First, intimate ties are not good sources for recruiting new members or broadening organizational networks. Speaking of “the strength of weak ties,” Mark Granovetter (1973) contends that people are much more likely to find out about a job opportunity through a weak tie than a strong tie. Close friends sharing similar networks tend to provide redundant information, whereas less intimate acquaintances are bridges to new circles of contacts. In a study of New York’s apparel industry, Brian Uzzi (1996) also finds that the network effect in organization survival is curvilinear. The probability of an organization’s survival increases as the firm’s network integrates both “embedded” and “arm’s length” ties; conversely, the probability of survival decreases as the network tends toward a dominance of arm-length or embedded ties.

Recruiting close friends provides limited potential for the expansion of distributor networks; it may even foster competition among distributors in soliciting common acquaintances. In contrast, “eagles” (a term that refers to distributors with superb records of recruitment) are mostly recruited from indirect and remote networks. The advantage of weak ties is explained by a tip circulated among Taiwanese distributors: “Strangers are like a forest, acquaintances are like a tree, and a forest is much bigger than a tree” (Lee 1996, p. 57). Most distributors exhaust their initial list of friends and relatives quickly; to keep the business going they have to pursue so-called “cold” or “fresh” contacts (Butterfield 1985, p. 59).

Second, strangers or remote friends are “better” targets than close friends because distributors feel less pressure in soliciting strangers than in soliciting friends. Most interviewees went through similar frustrating experiences with their friends as they started the business of direct selling. As one distributor illustrated:

Friends were hiding from me, like they were hiding from the plague! Often when I called someone, it was obvious she was home, but her husband said she wasn’t, that she was busy.

When “commercializing” and “instrumentalizing” their personal relations, distributors run the risk of losing friendships or damaging their reputations among friends, a phenomenon labeled “personality risk” by distributors. Many of them thus turn to strangers or acquaintances, whose recruitment involves a lower degree of “personality risk.” One inactive distributor told me of her experience:

When I was only part-time, I called my friends first. I would say, “It’d be great if you’d like to give me a try, but it’s okay if you don’t.” But after going full-time, I was under pressure to sell a certain amount of products every month. I started caring more about the way people were reacting to me, and then everything seemed to go wrong. I was complaining all the time about why some friends had rejected me, and why had they made sarcastic remarks about me. So I started looking for customers I’d never met before. Though the chance of success with them wasn’t high, the pressure was much lower.

Instead of incorporating *close* networks into business alliances, distributors are more likely to activate their *remote* networks and create *new* networks with strangers. Uplines often ask their new recruits to bring in high school or college yearbooks and discuss together the odds of recruiting by going through each person in the book. Nevertheless, DSO distributors face further challenges and difficulties in the process of networking: How do they build and maintain trust in weak ties? How do they turn remote networks into particularistic relations? How do they “manage” human relations and monitor social interactions without being considered insincere?

Social networks are not static organizational assets but require attentive maintenance and constant “management.” As one distributor succinctly said, “You don’t just build a relationship; you have to *manage* it. If you don’t, there’s no relationship.” In the rest of the article, I present two strategies developed by distributors to manage and consolidate social networks. The first strategy is to “personalize” their business relationships with customers. The second strategy is to “familiarize” sponsorship networks between uplines and downlines. In the process of reconstituting these networks, distributors subject themselves to mutual surveillance and emotional control carried out through their social/business networks with customers and fellow distributors.

## PERSONALIZING SALES

Although most organizational rules are universalism-oriented, Carol Heimer (1992) argues that particularistic rules may become more rational and trustworthy in some circumstances, for example, when individual biography features prominently in a client-oriented service, when a product is unique, or when there is a long-term contract between a client and a service-provider. In the case of direct selling, neither its products nor its services are unique, personalized, or require a long-term contract between customers and distributors. Conversely, the marketing strategy of DSOs is to supplement the symbolic meaning of their products and services, that is, to “particularize” and “personalize” business relations between customers and distributors. As one DSO slogan says, “We share good things with good friends.” With the endorsement of friendship, even a bottle of shampoo or a tube of toothpaste can become “unique.” This section will examine how distributors personalize sales by blurring the public/private boundary and

by conflating business and social activities. In this way, customers become omniscient gazes over the lives of distributors, and distributors attempt to manage their emotional anxiety by transforming the act of “selling” into an act of “believing.”

### Customers: Omniscient Gazes of Surveillance

One distributor described her routine schedule: “Everyday I have to exchange three to five business cards. I seize every chance to talk to people—in supermarkets, parking lots, coffee shops, all kinds of places.” In order to approach unfamiliar customers and to create new networks, distributors transform every setting into a work setting. Many uplines repeatedly remind their downlines in group meetings: “Don’t forget to wear makeup and the badge of our company, even though you only go to the grocery store at the corner.” The purpose of carrying bags or wearing badges with the DSO logo is to attract the curiosity of passersby and to strike up conversations with them that may lead to successful sales or recruitment.

As the search for potential customers is restless, work permeates every moment of distributors’ lives. When I asked a full-time distributor how much time he spent working per week, he replied, “What should I say? Almost 100 percent of my time, since this is your own business. Not like before—work was work, and after work it was your own time.” Despite the absence of a fixed timetable mandated by visible company management, distributors rationalize their lives through setting a work pace and managing schedules on their own. They force themselves to arrange a certain number of appointments a day and to set up weekly or monthly sales goals, thus subjecting themselves to frequent contacts with customers.

Distributors are both workers and consumers. Their personal experiences of consumption offer the most convincing testimony when soliciting customers, in particular those who are acquaintances of distributors. The improvement in a distributor’s skin, health, figure, or sense of style serves as the best advertisement for DSO products such as skincare, vitamin, dieting products, or makeup. As guided by a DSO slogan, “Let yourself become the *product* of product,” distributors devote themselves to an intense and constant consumption of DSO products and monitor their physical appearances and conditions to reach the goal of body testimony.<sup>12</sup>

To personalize sales, DSO distributors not only break down a boundary between their work and private lives, between their labor and consumption, but they also consciously pursue business in homelike settings. They call customers at home; they make visits and deliver products to customers’ residences; and they invite customers over to their own houses for lunch or dinner. A home party is a vital site for distributors to socialize with customers and promote products. In a private residence (mostly belonging to the distributor and sometimes customers), distributors explain DSO products and royalty systems over coffee and cookies, and they offer free facials and makeup instructions after showing family photos. Their conversations with customers not only go around direct selling but also cover personal matters such as the health of family members and the schooling of children. In this way, distributors build familiarity and trust in a relaxing environment that conflates the purposes of business meeting and social gathering.

Many studies on sales and service workplaces have revealed that customers and clients are often recruited as agents for evaluating and monitoring the activities of service workers (Leidner 1993; Walsh 1993). Unlike other retail settings, where customers are



mostly anonymous and worker-customer contacts are brief, DSO distributors maintain personal connections with customers over a longer time span and within a broader scope. This personalized business network places customers as an omniscient gaze to monitor distributors' consumer behaviors and body maintenance.

The surveillance via the distributor-customer networks circulates in both directions. Distributors also keep an eye on their customers albeit to a lower degree: they keep track of the customers' consumer records and remind them to replace products after a certain period. They also monitor their interactions with customers and calculate the possibility of recruiting a customer as a downline. Many uplines offer detailed advice to their downlines about how to solicit people of different personalities. Formal training classes, such as "how to manage personal relations" or "communicative psychology," are also provided by several companies or subgroups.

Distributors who were active at the time of interviews tended to downplay their monitoring of personal interaction as such. Only inactive distributors would bluntly expose their previous experience, as in this case:

Whenever I saw someone, I could instantly figure out how to communicate with this person, if he or she would be a promising person to recruit, or if it would be a waste of time to pursue something more than random chatting.

A similar account appears in Stephen Butterfield's autobiographic report of being an Amway distributor. Butterfield (1985, p. 56) vividly described the emotional management he had to engage in when fusing business with friendship:

I must be totally positive. No matter how I feel about the business, in response to questions I must always say, "It's doing great! Fantastic!" Before Amway I might have been able to discuss feelings honestly with my friends; now I say what is best calculated to sponsor them.

While doing so, distributors often encounter criticisms such as "having ulterior motives" or "being insincere." Some left this industry because they felt alienated from their own feelings—the authenticity of their emotions and interactions was challenged not only by others but also by themselves. Two of the inactive distributors reflected on their previous experiences: "I couldn't help having doubts about the motives of DSO distributors in making friends, even my own." "It seemed that every conversation I was having had some other purpose. I didn't want to live a life like that." All the inactive distributors in my interviews reported significant emotional drains caused by the conflation of the affection-oriented identity as *friend* and the business-oriented identity as *money-maker*. One may wonder: How did those distributors who stay in this industry overcome similar emotional anxieties? Indeed, a crucial chapter in all legendary stories of DSO distributors is about successful emotional management in the way of "deep acting."

### Selling Is Believing

DSO distributors often say that the first few months are a critical phase in determining if a new distributor is going to succeed or fail. A senior distributor said to me: "That was a painful process. I felt misunderstood and even betrayed by my friends. But if you can survive through that process, you become much more stable and committed." Two other

distributors more explicitly described how they overcame this identity crisis and emotional anxiety by developing a true belief in direct selling:

Many people can't bear the frustration of being rejected. I think you have to believe in yourself first. You shouldn't feel guilty about it. You should believe that this is really something good that you want to share with others, not something that's ripping them off.

We have to think that we are teaching people about beautification, not selling them products. Then you don't feel embarrassed anymore. You drop those emotional barriers. Don't think you're soliciting. Think that you're helping your customers become beautiful.

As these comments show, distributors transform economic transactions into nurturing activities such as "sharing," "helping," or "teaching" to solve their emotional anxieties ("feel guilty," "feel embarrassed").<sup>13</sup> Mary Kay distributors describe a home party as a "beautification class" and call each other "beauty counselors." The Mary Kay Corporation holds an annual competition called "Miss Generous" for the distributor who conducts the largest number of "beautification classes." These practices can be summarized by what Rich DeVos, one of the founding fathers of the Amway Corporation, said in an interview: "I believe unless capitalism has compassion, unless it is giving, caring, it will not survive" (quoted in Xardel 1990, p. 150).

Biggart (1989, pp. 104–110) identifies the transformation of direct selling into a moral mission and a quasi-religious activity based on the ideologies of Protestantism and patriotism in the United States. Taiwanese distributors have also generated a similar religious analogy, albeit with a local reference to Buddhism. It is widely heard from my interviewees and seen in direct selling magazines that the "recommendation" of DSO products and business is analogized as "doing charitable and pious deeds." It is said to bring about a positive impact on both the distributor's karma and the current life of the recommended person (customer or recruit). Despite Biggart's keen observations in this regard, her analysis is harmed by a quasi-functionalist tone when she describes DSO ideologies as a corporate strategy of maximizing profits by "obscuring the economic in the social" (Biggart 1989, p. 116). To underscore the agency of the distributors, I view DSO ideologies as their "tool kits" (Swidler 1986) that are actively maneuvered and selectively reproduced. I argue that distributors, in order to reconcile their emotional anxiety and identity conflict in the networking process, devote themselves to a belief in the moral values of direct selling. They persuade themselves before they convince their customers; they manage their own emotions before they appeal to the feelings of customers.

Hochschild (1983, p. 33) distinguishes two different kinds of performance of emotional labor. "Surface acting" refers to a situation in which an individual is capable of disguising what she or he feels and pretending to feel what she or he does not, while "deep acting" involves deceiving oneself as much as deceiving others. I found that DSO distributors perform emotional labor in a manner that is more substantial than surface acting. DSO distributors attempt to transform the economic act of *selling* into the moral act of *believing* by developing a quasi-religious belief in direct selling as well as associating themselves with a moral mission of diffusing ideal lifestyles. One female distributor proudly told me:

We are not only selling products, we are disseminating an ideal lifestyle. This is not only about health, but about how to improve your life and realize your dreams. I don't think I am selling cosmetics. I think I am safeguarding a woman's future.

The deep acting of emotional labor results from a major feature of DSOs that diverts from other service settings. Because distributors' business relations with customers are simultaneously personal networks with friends, there is no clear boundary between work and family lives, or between corporate ideologies and individual beliefs. Distributors can hardly maintain the distinction between "front" and "backstage" in their performance of everyday life in Erving Goffman's words (1959); they hence have no leeway to "depersonalize" their interactions with customers/clients as other service workers might (Hochschild 1983, p. 130).

Indeed, direct selling reveals a comprehensive and internalized form of emotional management. Yet my argument should not be mistaken for those who think that distributors are so "alienated" that they cannot even identify their "true" emotions or "true" selves. DSO distributors are not cultural dupes or emotional victims manipulated by corporate ideologies. They perform a deep acting of emotional labor in order to reconcile the tension in conflating personal connections and business networks, which involves double identities as a friend and a solicitor. Only by developing a deep commitment and true belief in the "morality" of direct selling are they able to relieve themselves from the feelings of being phony, alien, and insincere.

### FAMILIARIZING SPONSORSHIP

So far I have documented how the networking process between DSO distributors and customers results in the surveillance of distributors' behaviors and emotions. This section turns to another set of social networks involved in direct selling, that is, sponsorship ties between uplines and downlines. Distributor networks, which are simultaneously financial links, serve as a hinterland for business cooperation, a performance team of emotional labor, and a medium of mutual supervision. To consolidate consensus and loyalty within the networks, distributors transform business alliances into a quasi-family community, where they work shoulder to shoulder while keeping an eye on each other.

#### Distributor Networks: Circuits of Cooperation and Supervision

In traditional businesses your relationship with your boss is competitive. People don't feel secure about their positions and don't trust each other. Direct selling is different. If you want to succeed, you have to help your downlines succeed, too. When I help my downlines make money, I don't just gain a sense of achievement—I gain money myself!

These words, coming from a senior distributor, point out what he regards as a distinct merit of DSOs: The relationship between uplines and downlines is one of *cooperation* rather than *competition*. The success of downlines does not threaten the status of their uplines but will increase the latter's share of royalties. Motivated by the logic that "the more people you help to succeed, the more successful you become," uplines voluntarily

play active and multiple roles in training and assisting their downlines. One distributor described four roles that a good upline should perform: moralist, psychologist, militarist, and politician. Uplines are role models who embody the moral values of direct selling. They are psychological counselors who provide downlines with emotional support and encouragement. They are military strategists who assist downlines in making plans and developing tactics to recruit customers. And they are political leaders who appeal to commitment and solidarity among downlines in an organizational genealogy.

Uplines also need the cooperation of “good” downlines. No matter what kinds of expertise and experience downlines have developed before, they have to “go back to zero” and humbly follow the advice of uplines. Direct selling is said to be a business of “copying.” If downlines copy the manner in which their uplines talk, think, and act, the former are promised to succeed as the latter did. In several meetings I attended, uplines demonstrated how to introduce products and how to explain the royalty system and then requested their new recruits to imitate and practice these techniques in public. Some interviewees revealed to me that some of their conversations with customers were scripted in advance and rehearsed with their uplines’ assistance.

The relationship between uplines and downlines is not only cooperative but also one of mutual supervision. On the one hand, royalties create incentives for uplines to vigorously push their downlines. One senior distributor showed me his payroll records since he started the business of direct selling. I noticed that his income for a particular month was rather less than the other months. When I asked why, he smiled and said, “I was out of the country that month. Because I wasn’t here helping my downlines and keeping an eye on them, they got lazy or afraid of making appointments.” Uplines usually keep records on their downlines’ monthly performance and maintain contact with them through weekly meetings and frequent phone calls, so they can pull the downlines back on track whenever they become idle.

On the other hand, downlines, especially “eagles” (distributors with excellent recruitment figures), also push their uplines to work harder. As noted earlier, distributors cannot receive any royalty until they are promoted to the level of “director.” If a downline becomes a director earlier than his or her upline, the upline will not be able to extract any royalties from the whole genealogy under this particular downline. In addition, uplines also have to avoid the situations in which their downlines switch over to other genealogies or other DSOs. They have a financial stake in the establishment of group identity and solidarity within a genealogy. The remainder of this section further illustrates how distributor networks are analogized as a fictive family engaged in a team performance of emotional labor.

### **A Brave New Family**

A suborganization of DSOs is called a “genealogy,” “group,” or “team.” It usually has its own office, whose rent is paid from seminar fees or the donations of senior uplines. Regular activities held in the office include opportunity seminars (for new recruits), training and product seminars (for established distributors), and less formal postseminar group meetings. In addition, some of them hold exclusive small-group meetings in coffee shops or private residences, where uplines provide detailed advice and emotional counseling for downlines. Distributors from the same group also take part in social activities together, such as picnics, dinners, parties, and trips.

I argue that distributors in the same genealogy become a “performance team,” that is, a “set of individuals who co-operate in staging a single routine” (Goffman 1959, p. 79). The formation of a performance team has two major purposes. First, they present a well-staged team performance in front of the audience, that is, customers or potential recruits. Uplines often suggest that their downlines invite customers to attend opportunity seminars given by high-ranking distributors and postseminar group meetings run by genealogy leaders. These team performances led by experienced actors usually deliver a stronger emotional appeal than the performance of individual distributors.

Second, even when the audience is absent, the formation of a performance team is crucial for building and consolidating consensus, solidarity, and loyalty among distributors. Distributors need each other to constantly confirm their belief in the moral values of direct selling and its promise of future success. The peer support is especially crucial when distributors face criticism from people outside the group. It is similar to the way that actors need to boost each other’s confidence backstage when they are booed off stage.

The formation of a “performance team” involves a dynamic process of “familiarizing” networks among distributors. Metaphorical expressions of kinship and family analogies are commonly used by DSO distributors to describe their positions in sponsorship lines (Biggart 1989, p. 85). Amway distributors call a group “a family” and a new recruit “the baby.” Uplines and downlines in Mary Kay call each other “daughters” and “mothers.” Some distributors in Taiwan call their uplines “teachers” or “masters” out of respect. Yet the practice of familiarizing networks goes beyond rhetorical analogies. Many distributors actively reorganize their social circle and transform their relations with fellow distributors. They create a “brave new family” by reproducing quasi-family bonds and hierarchies within a DSO genealogy.

When I met Jen-yi, she was twenty-five years old and teaching in an elementary school. Often smiling bashfully, she talked about the two months when she was a DSO distributor in her last year of college. Her upline (her high school classmate) convinced her to move in with her and other distributors in the same group. Afterward, Jen-yi’s boyfriend frequently experienced difficulties in contacting her. One day he left a phone message that expressed strong opposition to her involvement in direct selling. Later in a small-group meeting, Jen-yi’s upline played this recorded message in public and used this to exemplify how misunderstanding from people outside the group may constitute an obstruction in the journey to success. Jen-yi’s upline even encouraged her to break up with her boyfriend since, the upline said, “You don’t have to worry about not finding someone in the group. It will be much better to date and marry someone who shares this career.”

This story dramatically illustrates a dual process of familiarizing sponsorship networks. First, through collective renunciation of values, beliefs, and lifestyles, distributors gradually distinguish and distance themselves from their previous social circles or even biological family. Moreover, distributors implicitly or explicitly screen and reorganize their social networks under the evaluation of their suitability for direct selling. The definition of “real friends” now is valued by the willingness to be part of distributor networks. Remarks like the ones below are commonly heard among distributors:

Direct selling is a good way to test your friends. If they’re willing to join your business, it shows that they can be your real friends who will be part of your life for many, many years.

I feel ashamed to say this, but really, I do everything together with my babies [downlines], going shopping, buying clothes. My real sister works at Citibank, right in Taipei! But we see each other no more than twice a year! (quoted in Tzau 1997, p. 45)

In addition to drifting away from their previous social networks, distributors are drawn by their “brave new family,” which often forms a cultish community of “institutional completeness” that provides for all needs of its members and makes outside contacts unnecessary (Biggart 1989, p. 149). As one distributor told me:

In the end, all the friends you hang out with are people in direct selling. We talk about the same topics, we go to the same meetings, we travel together, and we use the same brand of toothpaste when we wake up [laugh].

The upline-downline relationship is less like an equal partnership but more like a hierarchical sponsorship between parents and children or a mentorship between teachers and students. Upline assistance and supervision of downlines are analogized to parental concerns for, and guidance of, their children. One female distributor, whose son had died in an airline accident, said in a magazine interview, “I wish for them [her downlines] to succeed, I want to help them succeed. Since I have no children, I treat them as my children.”<sup>14</sup> Many uplines get highly involved in the personal lives of their downlines, like parents or teachers in Chinese societies offering extensive advice for their children or students. For example, a middle-aged high-ranking female distributor told me:

I take care of my downlines, not only with their work. I also take care of their relationships with their husbands, children, and mothers-in-law. They come to me for advice even on things like if they should break up with their boyfriends, if they should have another baby, etc.

Downlines also show respect and obedience to their uplines, who are analogized to be their fictive parents. Newly promoted distributors often deliver a speech in reward ceremonies with lines similar to this: “The first people I want to thank are my parents, the second are my uplines. I couldn’t be successful if I had no help from my uplines. I want to share everything with them.” In some of the group meetings I attended, distributors repeated slogans in a loud and cheerful voice before their uplines spoke, such as “Upline, upline, I love you” or “Upline, upline, you are great.” Han Chinese family values, such as filial piety and submission to the senior, are integrated to legitimize the upline’s authority and entitlement to a share of the downline’s profits. Because uplines recruit (give birth) and train (bring up) downlines, downlines have the responsibility to provide them with royalties in gratitude (just as children take care of their parents when they get old).

### **When the Family Breaks Down**

Ann and her husband, both college graduates, successfully reached high-ranking positions in a DSO in their late twenties. Despite their eight-year involvement in direct selling, they quit under increasing sales pressure resulting from the introduction of a new royalty system. At the time of interview, Ann worked as a stock trader making less than

a third of her previous income as a DSO distributor. She talked about her glamorous past, not with feelings of nostalgia, but with a sense of relief:

My life before was like being on the stage. Life now is much easier. I no longer need to watch over how people look at me. When you have many downlines who believe in you and follow you, at every moment, you have to behave like what you told others [to behave]. [It's] not like working in the office—it's your own life after work. Doing this [direct selling], you are a perfect person in their eyes, so you cannot release much emotion of your own. That was why we all have established a great deal of ability to manage our emotions. That was why I felt so tired.

Without reading Goffman, Ann vividly illustrates how distributors can no longer maintain a distinction between “front” and “backstage” in their performance of emotional labor. It is especially true for uplines, who are supposed to be the success model for downlines and thus cannot expose their feelings of frustration. They perform emotional labor not only in the presence of customers but also in front of their downlines who are recruited as their fictive family. Although receiving more financial rewards, uplines are burdened with a higher expense in emotional management. Compared to other distributors in the team, they have even less backstage to escape to.

Uplines perform boundaryless emotional labor toward their downlines in an attempt to boost the latter's commitment to direct selling as well as their own business records. Downlines are devoted to the leadership of their uplines for a similar reason. When I asked Jen-yi if she felt that her upline had invaded her privacy at that time, she said no, because:

They [distributors] always emphasize that uplines are selfless. They teach you how to make money with all their heart, since your earning money is the same thing as them earning money. They always emphasize that uplines have experience of success. You just follow them so you can become as successful as they are. So there's no way you'll confront them, because you're afraid you won't succeed if you don't follow them.

Motivated by the desire to duplicate the success of uplines, downlines devote respect, loyalty, and obedience to their uplines in exchange for their “selfless” guidance. However, not all downlines can become as successful as their uplines. The slogans of “unusual freedom” or “business with little capital” promotes a faraway dream that is enjoyed by only a small proportion of distributors who have successfully established sponsorship networks that continue to grow and offer stable bonuses. The population of DSO distributors is a pyramid with a wide base and a narrow top. In 1999, 72 percent of Taiwanese distributors were located in the lowest rank and less than 1 percent were in the highest rank (FTC 2000). A great proportion of distributors become inactive after exhausting their social relations or failing to comply with boundaryless emotional management.

The cases of failure expose an inherent contradiction in the strategy of familiarizing sponsorship. Social interactions among “real” family members are governed by the particularistic logic of gift exchange. That is, a family member does not expect an equivalent return when he or she gives a gift to or does a favor for another family member, and the return of the gift or favor is not expected to happen right away (Cheal 1987). On the contrary, the quasi-family bonds among DSO distributors are conditioned primarily on

the principle of efficiency, interest maximization, and rational calculation. DSO distributors, facing a financial pressure to achieve a certain amount of retail and recruitment records, seek rewards from their downlines within a short span of time. When the joint financial interests between uplines and downlines are at stake, the affective bonds are prone to breaking down. Jen-yi described the situation after she went through a series of setbacks and became less active:

My uplines changed their attitude toward me. They said, "You have to depend on yourself. We can't help you forever." They probably decided not to waste too much time on me. I didn't blame them. They have so much business pressure on them every month. How could they afford the time to "help friends selflessly," right?

## CONCLUSION

Based on a case study of DSO distributors in Taiwan, this article examines the effects of network control in the process of reconstituting social networks as business alliances. My analysis has manifested a dynamic process of network construction in which DSO distributors develop two strategies, personalizing sales and familiarizing sponsorship, to transform their relationships with customers and downlines into trustworthy business ties. Without a bureaucratic organizational scheme or bounded workplace, social networks become the indispensable infrastructure for the diffusion of DSO ideologies and organizational culture. The networking process subjects distributors to the disciplinary gazes of customers as well as mutual surveillance between uplines and downlines who are tied into a relationship of financial interdependence.

Drawing on the dramaturgic analysis of everyday performance by Goffman (1959) and Hochschild (1983), I have illustrated the multilevel performance of emotional labor by DSO distributors under the governance of network control. Facing customers as the omniscient audience, distributors monitor their bodies and behaviors; they also perform a deep acting of emotional labor to reconcile their anxieties and identity conflicts in the conflation of making friends and making money. Further, distributors in the same genealogy collectively present a well-staged performance in front of potential recruits; this performance team also assists distributors in establishing confidence and seeking confirmation of their belief in direct selling when facing suspicions and objections from outside the DSO community.

These findings contain a complex reciprocity between the global and the local. Although these U.S.-based DSOs are not centralized multinational corporations, their organizational culture remains constant or even further developed in their transplantation to Taiwan. Without a globally linked bureaucratic management, overseas branches of DSOs successfully mobilize personal networks as an efficient means of labor control. This mobilization is further facilitated by a cultural affinity between DSOs and Taiwan's local context, such as the spirit of entrepreneurship and the investment of personal relations and social capital. Meanwhile, Taiwanese distributors incorporate indigenous cultural elements as handy tool kits to localize DSO culture. They analogize their recruiting practices as doing deeds in a Buddhist sense, in replacement of the Christian notions of sisterhood and brotherhood prevalently perceived by American distributors. Han Chinese family values are promoted by uplines as a way to rationalize their status hierarchy and their extraction of royalties from downlines.



This study not only enhances our understanding of DSOs but also holds some general implications for the fields of economic sociology and labor studies. Recently, network-based economic activities and network forms of organization have attracted the attention of sociologists (Powell and Smith-Doerr 1994). According to the definition of Joel M. Podolny and Karen L. Page (1998, p. 59), a network form of organization is “any collection of actors that pursue repeated, enduring exchange relations with one another, and, at the same time, lack a legitimate organizational authority to arbitrate and resolve disputes that may arise during the exchange.” Network-based marketing strategies, like direct selling and insurance sales, and network forms of organization, such as outsourcing agreements, relational contracts, joint ventures, and strategic alliances, have become alternatives to pure market transactions and hierarchies (Powell 1990).

Scholars often characterize network forms of organization with their distinct ethic- or value-orientation on the part of network partners whose exchanges are governed by a norm of reciprocity and a high degree of trust and obligation (Uzzi 1996; Podolny and Page 1998). However, members in these organizations must constantly maintain and consolidate their personal relations with other members so as to ensure the adequate reproduction of trust and affective bonds. The two strategies developed by DSO distributors, personalizing and familiarizing networks, may be found in other network forms of organization. For example, exchange partners may use personal biography (e.g., graduating from the same university, coming from the same town) to particularize their business alliances. They may transform business networks into quasi-family bonds through rhetorical analogy (e.g., sworn brothers and sisters) and frequent socializing, or even become a real family through their children’s marriage. The concept of network control offers a general reference for the disciplinary effect generated in the process of network construction. When partners in a network form of organization develop relationships beyond the scope of business, they trade in the costs of emotional management under mutual monitoring.

The notion of network control also sheds light on the disciplinary consequence of integrating personal and work lives. As demonstrated in the lives of DSO distributors, the articulation of work and family lives does not necessarily solve the “time bind” problem (Hochschild 1997); instead, it makes the “boundary work” of protecting private lives from the intrusion of work more difficult to achieve (Nippert-Eng 1995). The organizational practices in networking capitalism not only regulate the productivity and docility of individuals at work, but also police their bodies, emotions, consumer behaviors, and social interactions with friends. The iron cage of bureaucratic management is replaced with the invisible deployment of self-discipline and network surveillance that penetrates into both public and private lives.

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## NOTES

1. The term "direct selling" actually covers a broad range of marketing practices that reach consumers without a fixed retail location, including nonpersonnel sales, such as mail order and internet sales, and personnel sales, such as door-to-door sales. Personnel sales can also be divided into single-level direct selling and network direct selling (or multiple marketing). The distinction is that members in network DSOs not only sell products but also try to recruit consumers into the sales force (Xardel 1990).

2. One exception is Pratt (2000), who has discussed not only successful identification management but also "broken" and "ambivalent" identification.

3. Biggart (1989, p. 168) briefly mentions the notion of network control in her last chapter but does not elaborate its content or distinguish it from the concept of charismatic control.

4. Wouters (1989) raises a poignant criticism in this aspect. He argues that Hochschild constructs a dichotomous distinction between the private/true self and the public/false self, thus locating emotional control outside individuals whose feelings are wrongly assumed to be "authentic."

5. The ten countries, in descending order, were Japan, the United States, Brazil, Germany, South Korea, Italy, Mexico, the United Kingdom, Taiwan, and Canada (World Federation of Direct Selling Associations, homepage: <http://www.wfdsa.org>, accessed on June 15, 1999).

6. Ibid.

7. Over 30 percent of DSO members were recorded as having purchased products during the previous year (the rest became inactive members), and 18 percent had received some form of commission or bonus during the same period (i.e., 12 percent purchased products for individual consumption or retailing only, or they had not recruited enough downlines to start receiving an organizational bonus) (FTC 2000).

8. According to the 1999 survey of the DSO sales force in the United States, 73 percent of the distributors were female and 27 percent were male. Half of U.S. distributors spent less than ten hours a week in direct selling, and only 5 percent spent more than forty-one hours a week. Forty-three percent of their time was spent on selling products, and only 19 percent was spent on recruiting and sponsoring (American Direct Selling Association, homepage: <http://www.dsa.org>, accessed on October 8, 2000).

9. Some may argue that Taiwan is an extreme case, because DSO distributors there include a relatively high proportion of full-time workers. However, according to Burawoy's (1985) "extended case method," the choice of case is not to be determined by quasi-statistical significance or representativeness but by its social significance in reconstructing existing theories. Taiwan's case may be empirically extreme, but it offers theoretical significance to illustrate the topic of network control that has been overlooked by previous studies.

10. Most married male distributors run the business together with their wives, but this is not necessarily the case for married female distributors. In addition, one of the four DSOs in this research only recruits women because of its women-oriented products (skincare and cosmetics).

11. The most popular DSO commodities in Taiwan are family and personal care products, such as vitamins, cosmetics, and skincare (FTC 2000).

12. In another article (Lan 2001), I provide more details on the articulation of consumption and labor in direct selling and use the concept of "bodily labor" to discuss the labor process of cosmetics distributors.

13. The performance of emotional labor is often divided by gender among a couple of DSO distributors. In short, male distributors tend to perform the masculine kind of emotional labor by convincing new recruits with the promise of success in this industry, while women are usually assigned to the feminine side of emotional labor such as sharing personal experiences and offering emotional support (Lan 2001). Connelly and Rhoton (1988) also made a similar observation of Amway distributors, but they further pointed out that such a traditional gender division of labor does not exist in Mary Kay that recruits only female distributors rather than family units.

14. Quoted in *Power Networking Monthly*, March 1993, 3:79.

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