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Summary:
CHAPTER 3 - RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction:

The purpose of this chapter is to discuss the research methodology which is followed by researcher for this research study. The research design adopted is a sandwich of descriptive and causal research design. The study comprises a cross sectional analysis by collecting data at once as a snap shot while a rigor analysis to test the hypotheses, statistical tests are applied. The chapter contains the sections explaining approach to the problem, objectives, hypotheses, research design, research methodology, data collection, scope and limitations of the study.

3.2 Approaches to the Problem:

With reference to the review of literature and previous researches, the researcher has considered the following points to develop proper approaches and right direction to the research project. The important points concerning overall development of IBOs based on following parameters.

1. Personality Development
2. Life Style
3. Business Development
4. Business Security
5. Income Level

The main intention is to arrive at the appropriate percent contribution of these determinants of IBOs. This will help Amway to come up with different strategy for IBOs and the role of IBOs is important to build the business of company and individual betterment.
It is necessary to clarify here that, for the purpose of this study, the term ‘Comparison of IBOs’ is the ‘Comparison of IBOs of Amway India Enterprises considered only throughout this Thesis.

3.3 Reasons for Choice of the Topic:

The researcher strongly believes that most of the problems in any business organization are arising due to human resources. The current scenario in the global business world has a lot of problems which are mainly associated with marketing management and ultimately the sales force i.e. marketing people and distribution-network (wholesaler, dealers, distributors and retailers). In case of Amway the sales people are IBOs i.e. Independent Business Owners. The satisfied marketing team will certainly lead organizations, societies, countries and finally the world to the vertex of the pyramid of success. The researcher wants to compare the IBOs development on the basis of Personality Development, Life Style, Business Development, Business Security and Income Level with special reference to Amway India Enterprises.

3.4 Title of the Thesis:

The title of the thesis is, “COMPARATIVE STUDY OF DEVELOPMENT OF IBOS WITH SPECIAL REFERENCE TO ROLE OF AMWAY INDIA ENTERPRISES IN PUNE AND PIMPRI-CHINCHWAD AREA”.

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3.5 Objectives of the Study:

1. To study the profile of Amway India Enterprises Pvt. Ltd.
2. To study the determinants of development of Independent Business Owners with respect to Amway India Enterprises.
3. To study the comparative contribution of determinants for development of Independent Business Owners (IBOs).
4. To find out the satisfaction levels of IBO with Amway products.
5. To study the comparative opinion of IBOs from Pune and Pimpri-Chinchwad area on different parameters of development of IBOs.

3.6 Hypotheses of the Study:

**Hypothesis 1:** Role of Amway India Enterprises is significant in development of Independent Business Owners (IBOs) in Pune and Pimpri-Chinchwad area.

**Hypothesis 2:** The IBO’s are satisfied with Amway products.

**Hypothesis 3:** There is significant difference between opinion of IBOs towards different parameters from Pune and Pimpri-Chinchwad area on the basis of Gender, Age profile, Educational Qualification and Annual Income.

3.7 Research Design and Methodology:

The researcher set research questionnaire to 542 IBOs of Amway in Pune and Pimpri-Chinchwad area by visiting personally to the IBOs. The research package contains a covering letter stating the purpose of the study, the importance of the study and a confidentiality/ fidelity statement.
3.7.1 Research Plan:

**Chart 3.1**

With the help of chart 3.1 researcher conduct the survey and apply it accordingly.

<table>
<thead>
<tr>
<th>Research design</th>
<th>Descriptive &amp; Causal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Definition</td>
<td>6000 IBOs. In Pune and Pimpri Chinchwad</td>
</tr>
<tr>
<td>Sources of data</td>
<td>Primary and Secondary Sources</td>
</tr>
<tr>
<td>Sample size</td>
<td>542 IBOs</td>
</tr>
<tr>
<td>Research Instruments</td>
<td>Questionnaire</td>
</tr>
<tr>
<td>Area of research</td>
<td>Pune and Pimpri-Chinchwad</td>
</tr>
<tr>
<td>City Status</td>
<td>Emerging Metropolitan</td>
</tr>
<tr>
<td>Reference Period</td>
<td>3 Years(December 2008 to December 2011)</td>
</tr>
</tbody>
</table>

There are several ways of collecting the appropriate data which differ considerably in context of money cost, time and other resources at the disposal of the researcher.

3.7.2 The Universe:

The study is undertaken to find out the contribution of determinants of development of IBOs based on parameters-Personality Development, Life Style, Business Development, Business Security and Income Level of IBOs in Pune and Pimpri-Chinchwad area and the total number of IBOs in this area were 6000.

3.7.3 Selection of the Sample:

Selection of the Sample: Total 542 IBOs replied as respondent on the
basis of probability sampling.

Sample Size Calculation:

Since the population is finite that is 6000 (IBOs), the formula used for sample calculation is as mentioned

\[ n = \frac{z^2 \cdot N \cdot \sigma p^2}{(N - 1) \cdot e^2 + z^2 \cdot \sigma p^2} \]

The confidence level fixed at 95 percent and the acceptable margin of error considered at 4 percent with 50 percent response distribution (highest Probability).

Therefore,

\[ n = \frac{(1.96)^2 \times 6000 \times (0.5)^2}{(6000 - 1) \times (0.04)^2 + (1.96)^2 \times (0.5)^2} \]

\[ n = \frac{3.8416 \times 6000 \times 0.25}{(5999 \times 0.0016) + (3.8416 \times 0.25)} \]

\[ n = \frac{5762.4}{9.5984 + 0.9604} \]

\[ n = 545.68 \approx 546 \]

Therefore, the sample considered is 546 IBOs.

Out of 546 respondents 542 questionnaires are validated and considered for analysis and hypotheses testing.
3.7.4 Techniques of Data Analysis

The data collected in the form of questionnaire, answered by the respondents from Amway IBOs. The information collected was processed and tabulated suitably by highlighting all the parameters. The theoretical information was converted in numbers by ranking the Likert scales. While analyzing the data and testing of hypotheses statistical tools like factor analysis, z test, ANOVAs, mean, standard deviation, correlation statistics were used with the help of M.S.Excel, and SPSS. For the presentation of the data, tables, charts, bar and pie diagrams are used.

3.7.5 Parameters: Following are the determinants of development of IBOs which are taken as parameters for the purpose of this research project:

Personality Development:

In personality development, the researcher considered communication skills, confidence, stage daring, standard of living, life style and overall behavior of the person. So the feedback is taken from the IBOs based on these parameters and extracts it for the data interpretation and testing of hypothesis.

Life Style:

In this parameter the researcher, think about the life style of IBOs, membership of IBOs of any social club, consumption of branded goods or services.

Business Development:

This parameter plays a very important role for improving; maintaining
and sustaining in the business because without any support and backup from Amway in addition, up-line it is not possible remain in the business. Up-line support is important to increase the sale and volume of the business. Even Amway assistance in this regard is also important for providing training, meetings, seminars, demonstrations of the products and updating about new products launch in the market. The availability and distribution of the products is ensuring the better services of the company.

**Business Security:**

It is a top most priority for businessman or salary holder. Therefore this parameter is taken into consideration and asks the IBOs to give feedback on business security. Business security is the primary concern over the other factors. It is also true that any business will not secured if they commit a serious offence like illegal business practices, not following companies rules and code of conduct.

**Income Level:**

The researcher focuses on income level of IBOs whether it is increased or not increased. Therefore to find out IBOs satisfaction level with current income from Amway, feedback is taken. It is also taken in to consideration the incentive plans, bonus and other non-monetary benefits provide by Amway.

With this study, the researcher trying to compare the Amway IBOs are benefited or not with the given parameter of Personality Development, Life Style of IBOs, Business Development, Business Security and Income Level. The study is focused on only of IBOs of Amway India Enterprises Pvt. Ltd; because researcher wants to study of IBOs of
Amway in vertical integration and not horizontally.

Amway is pioneer in indirect marketing and worldwide successful so researcher trying to find out the level of IBOs whether they are really benefited or not based on different parameters as stated above.

Chart 3.2

**Comparison of IBOs Development based on following Parameters:**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Basis of Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personality Development</td>
<td>Level of Personality Development Improvement</td>
</tr>
<tr>
<td>Life Style</td>
<td>Level of Life Style Improvement</td>
</tr>
<tr>
<td>Business Development</td>
<td>Level of Satisfaction in Business Development</td>
</tr>
<tr>
<td>Business Security</td>
<td>Level of Business Security</td>
</tr>
<tr>
<td>Income Level</td>
<td>Income Level Status</td>
</tr>
</tbody>
</table>

3.8 **Tools used for Collection of Data:**

The Primary and Secondary data was collected for the purpose of the study from different sources as under:

3.8.1 **Primary Data:**

The primary data are those which are collected for first time hence which are fresh and thus, happen to be original in nature.

Primary data has been collected by personally visiting to the IBOs in Pune and Pimpri-Chinchwad area. The unstructured interviews of IBOs were conducted through which the responses of the IBOs were taken.
The work of data collection for the purpose of this research was done with the help of questionnaire by conducting personal face to face interviews of the respondents. The necessary care has been taken to keep all the information confidential to the extent it is required. All the respondents were given such an atmosphere which was entirely free from any pressure or forced questions so that the respondents to be honest with their true opinions. They have been given enough time and assistance to answer the questionnaire. Thus maximum possible care has been taken to ensure the accuracy and reliability of the collected data for this research.

**Questionnaire:**

The researcher has used this method in which information is obtained with the help of questionnaire which is prepared exclusively for the specific purpose. A questionnaire consists of a number of questionnaires printed in a definite order on a form. Questionnaire and schedule are increasingly used for collection of varied and diverse data in survey research. In this method a questionnaires is personally given to the respondent with the request to answer the questions and return the questionnaire.

The questionnaire was developed with an intention to judge the responses of the workers in connection with all the parameters of IBOs development.

The questions are pertaining to these parameters 1) Personality Development, 2) Life Style, 3) Business Development, 4) Business Security, 5) Income Level. Every parameter has five to six questions in the form of Likert Scale. (Five rating scale from 1 to 5 starting from Strongly Disagree to Strongly Agree at the end). Every question thus has
minimum 1 and maximum 5 marks. The marks for every question and total marks for every parameter and overall total has become the base for all statistical analysis and interpretation.

The questions were answered using a Likert type scale. To find out comparative analysis of determinant of IBOs the five-point scale was used with one being strongly disagree and five being strongly agree. The higher the rating, the higher the contribution of the factor is considered. The questions were designed in positive way so as to match the ratings with ascending order of satisfaction.

The first section of the questionnaire was used for the demographics of the sample. The primary purpose of this section was to collect basic information from each respondent, pertaining to both them and the organization. The questions are on the demographics of gender, age of the respondents, length of time with organization, educational qualification, income from other sources and marital status. The second section of the questionnaire was used for the rating of the parameters for the development of IBOs. The third section was used for to know the satisfaction level of IBOs towards Amway products. The fourth section of the questionnaire was used for the Business Profile of IBOs.

**Observations:**

Observation method has also been used to collect data. The researcher attended a few training programs, Brand building seminars, meetings of IBOs, just as an observer.

**Discussions and Interviews:**

It is the most common method of data collection. It is a two way
purposive communication between the interviewer and the respondent aimed at obtaining and recording information pertinent to the subject matter of study. It is the only suitable method when qualitative information is necessary. People are more willing to speak rather than write.

Personal discussions were conducted with successful IBOs, like in the ranks of Diamonds, Platinum and company personnel. This has added considerable value and helped to work faster in the right direction on the research work.

3.8.2 Secondary Data:

Secondary data are information which has previously been collected by some organization to satisfy its own need but it is being used by the department under references for an entirely different reason such as Company’s literature, Annual reports, Sales reports, Published sources like books and journals, Research papers, masters and PhD Thesis, Newsletters, Media and authentic Websites.

3.9 Significance of the Study:

The beauty of this multilevel marketing method is one can do his present job, business, assignments and give some spare time which he have on daily basis for this business. Therefore, people can earn some extra income besides their present earning from other sources. Amway suggest that this is a family business and can be established with the help of spouse, children and friends. Consume the product and recommend the product is success mantra of this business.

Once people use the product, they come to know the quality of the
product and they share this thought to the people to join as IBO in chain. Bonus is generated through the downlink member proliferation while a commission is provided on sale of goods/ products.

3.10 Scope of the Study:

According to the WFDSA, consumers have benefited from direct selling because of the convenience and service it provides, including personal demonstration and explanation of products, home delivery, and generous satisfaction guarantee. In contrast to franchising, the cost for an individual to start an independent direct selling business is typically very low with little or no required inventory or other cash commitments to begin.

Multi-level marketing (MLM) is a marketing strategy in which the sales force is compensated not only for sales they personally generate, but also for the sales of others they recruit, creating a down line of distributors and a hierarchy of multiple levels of compensation.

3.10.1 Conceptual Scope:

The need of the project arouse to study the determinants of development of IBOs and their status, economical and social position of Independent Business Owners (IBOs) i.e. distributors of the organization and suggest some method or ways to increase the sales and whether IBOs is satisfied with the product and services i.e., quality, price, taste, home delivery etc. for Amway India Enterprises.

Most of the research work in this area focuses on the customer’s satisfaction, customer’s feedback, customer relationship management and after sale services. No study was undertaken to highlight the development
of distributors in the area of direct selling. In order to fill up this gap this topic has been selected for the study.

Apart from having the practical experience of assigned project, the findings of this report can be also beneficial for the organization. This report is an attempt to go through the details about the satisfaction level of IBOs, their personal development and market position of organization and to provide strategy to the organization for gaining the market share.

As per my study and knowledge a very less study, research is conducted in this area and hence there is vast scope for the study.

3.10.2 Geographical Scope:

The selected area, Pune and Pimpri-Chinchwad is a developed city with literacy rate of 80 percent. The income of the people is an adequate and have good standard of living. This enables a high potential growth for the organization and company having the Distribution centers in the area.

Why Pune and Pimpri-Chinchwad?

Pune is set to join the league of 7th metropolitan cities in India with the development pace catching up fast in providing infrastructure facilities, friendly business environment, education avenues and employment opportunities, according to an ASSOCHAM Eco Pulse (AEP) Study. The rising appeal of Pune is evident from its highest real estate prices and maximum population among the other upcoming cities.

The AEP Study on “The 7th emerging metro city in India” analyzed four tier II cities in India, that is Pune, Ahmadabad, Lucknow and Chandigarh ranking them on eight parameters necessary for a metro city. This included social infrastructure, infrastructure availability, real estate cost
and availability, transportation facility (connectivity), presence of quality educational institutes, employment opportunity, facility of financial services and business environment.

As per the analysis of the emerging cities based on various parameters, Pune occupied first position overall though it needs to improve on transportation, social infrastructure and financial services. Pune is now considered as an IT and Education Hub and number of foreign students coming in Pune for the variety of education and placed themselves in city itself.

Pimpri-Chinchwad is a city in the Pune district in the Indian state of Maharashtra. It consists of the twin towns of Pimpri and Chinchwad which are governed by a common municipal body (the Pimpri-Chinchwad Municipal Corporation or PCMC). It is located to the North-West of Pune and is well connected to the Pune city proper via the Old Pune-Mumbai highway.

As of 2001, India census, Pimpri Chinchwad had a population of 1,012,472. Males constitute 54% of the population and females 46%. Pimpri Chinchwad has an average literacy rate of 74%, higher than the national average of 59.5%: male literacy is 79%, and female literacy is 68%. In Pimpri Chinchwad, 14% of the population is under 6 years of age. The main language spoken in the city is Marathi.

Pimpri-Chinchwad is a major industrial hub and hosts one of the biggest industrial zones in Asia. The industrial estates in the city were established by the MIDC. The city is home to the Indian operations of major automobile companies like Premier Limited, Mahindra Navistar, Bajaj Auto, BEL Optronic Devices Ltd, TATA Motors (formerly TELCO),
Kinetic Engineering, Force Motors (formerly Bajaj Tempo) and DaimlerChrysler. The city is also home to India's premier antibiotics research institute Hindustan Antibiotics Limited. In addition to this, several heavy industries such as Forbes-Marshall, Alfa Laval & Sandvik Asia have their manufacturing units in the city and also the German company KSB Pumps. "Rajiv Gandhi InfoTech Park" hosts several Software and Information Technology majors like IBM India, KPIT Cummins, Tata Technologies, Infosys, Wipro, Geometric etc.

3.11 Limitations of the Study:

1. A dynamic situation of market changing with respect to time is a constraint.
2. This survey is restricted to the Pune and Pimpri-Chinchawad area only.
3. The research is based on descriptive-causal design where data collected is a snapshot for cross-sectional studies and not the longitudinal Study.
4. The research period considered for the study is only three years.

3.12 Chapter Scheme:

3.12.1 Introduction:

This chapter covers the discussions about the importance of direct marketing, theoretical framework and theories related to the research topic.

3.12.2 Review of Literature:

In this chapter, following points are included: Introduction about literature review, actual review and previous researches and summary. It
also contains valuable literature on direct selling and multilevel marketing. Articles, research papers, thesis and books are reviewed on the topics associated with direct marketing.

3.12.3 Research Design and Methodology:

This chapter discusses the research methodology of the complete project for this research work with respect to the approaches to the problem, reason for choice of the topic, title of the thesis, objective of the study, hypothesis of the study, research design and methodology, tools used for collection of data, significance of the study, limitations of the study.

3.12.4: Company Profile: The chapter includes the information about company such as history, establishment, Amway in India, national presence, manufacturing, range of products, growth of the company, corporate social responsibility, code of ethics and competitor companies.

3.12.5 Analysis and Interpretations of Data:

In this chapter, the analysis of IBOs demographics details, opinion of IBOs towards personality development, life style, business development, business security and income level of IBOs and satisfaction level of IBOs towards Amway products has been done by using statistical techniques.

3.12.6 Testing of Hypotheses:

This chapter analyzes the role of Amway India Enterprise in development of IBOs, the satisfaction level of IBOs towards Amway products and opinion of IBOs towards different parameters from Pune and Pimpri-Chinchwad area by using factor analysis and ANOVA test and z-value.
3.12.7: Findings, Conclusions, Suggestions and Scope for the future research:

The findings, conclusions, suggestions and recommendations are derived from company profile, data analysis and interpretation and from testing of hypothesis. Conclusions are drawn with a view to bring some improvements in products price and offers and recommendations are made for the future research in this area.

Summary:

This chapter explains the process used in collecting the data. Three hypotheses were developed from the information obtained in the literature review that was taken into consideration to examine comparative development of IBOs on the basis of parameters. The main intension was to know the percentage contribution of each parameter in the development of IBOs of Amway in Pune and Pimpri-Chinchwad area. This chapter discussed the importance and reason for choice of this topic.