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Friendship Versus Business in Marketing Relationships

Although combining friendship and business in the same relationship can be beneficial, it can also create conflict. A source of this conflict is incompatible relational expectations. True friends are expected to be unmotivated by benefits that can be used beyond the relationship (e.g., money, status), whereas business partners are, by definition, at least partly motivated by these more "instrumental" concerns. Using a role theory framework and data collected from a survey of 685 direct-selling agents, this article reports evidence that a conflict between friendship and instrumentality can undermine some of the business outcomes that friendship might otherwise foster. It also suggests that this conflict is more severe for friendships that become business relationships than for business relationships that become friendships. Study conclusions do not suggest that friendship is entirely "bad" for business and, instead, propose that friendship's influence can be both positive and negative.

The notion that business relationships can become friendships (or vice versa) is not new to marketing research (Brown 1950; Cassady 1946). Several studies have specifically examined the causes and effects of combining friendships with business relationships, and many suggest that, in general, the effects are positive (Beatty et al. 1996; Frenzen and Davis 1990; Haytko 2004; Johnson and Selnes 2004). However, some of these same articles (Beatty et al. 1996; Haytko 2004), as well as several others (Heide and Wathne 2006; Krugman 1958; Price, Arnould, and Tierney 1995), have noted that combining friendships and business relationships can also create potential conflict. Because friendships and business relationships frequently co-occur (Beatty et al. 1996; Biggart and Castanias 2001; Granovetter 1985; Halpern 1997; Haytko 2004; Ingram and Roberts 2000; Johnson and Selnes 2004; Price and Arnould 1999; Uzzi 1996), examining the potential negative effects of their co-occurrence is important.

Two articles in marketing (Heide and Wathne 2006; Price and Arnould 1999) have paid special attention to the conflict between friendships and business relationships. Although each uses a different research approach—Heide and Wathne's (2006) is theoretical, and Price and Arnould's (1999) is empirical—both build on the premise that the normative expectations associated with friendships can conflict with those associated with business relationships. However, research on this topic is still relatively nascent, and the potential effects of this conflict are not yet fully understood. For example, although Price and Arnould document the existence of a conflict between friendships and business relationships and find that some people habitually attempt to avoid it, their study leaves open the possibility that only a minority of customers are particularly sensitive to the conflict and does not address whether this affects business outcomes.

In this article, I examine the potential conflict between friendships and business relationships by presenting an empirical test of whether this conflict can have an effect on business outcomes. The results of this test, which are based on survey data from 685 direct-selling agents, provide evidence that this conflict can have a negative impact on business outcomes. They also suggest that when friendships become influenced by business role expectations, the effects are stronger than when business relationships become influenced by friendship role expectations. Importantly, this study's findings do not lead to the additional conclusion that friendships are entirely "bad" for business. Instead, they shed light on how and why the effects of friendship on marketing can be both positive and negative.

Social Roles and Role Conflict

This article uses a role theory perspective to analyze and understand the conflicting orientations of friendships and business relationships. Several previous studies in marketing have also applied this framework (Arnett, German, and Hunt 2003; Atuahene-Gima and Li 2002; Schewe 1973; Singh 2000; Smith and Barclay 1997; Solomon et al. 1985; Walker, Churchill, and Ford 1977), including Heide and Wathne's (2006) recent analysis of friendships and business relationships. Role theory is based on the premise that effective social interaction depends on a shared understanding of relationship rules—that is, the behaviors that are (in)appropriate for different people in different social situations (Biddle 1986; Heide and Wathne 2006; Michaels, Day, and Joachimsthaler 1987; Sarbin and Allen 1968). For

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ISSN: 0022-2429 (print), 1547-7185 (electronic)

example, the list of expected (and forbidden) behaviors for customers and salespeople at JCPenney is somewhat different than the list at Brooks Brothers, and smooth sales interactions depend in part on whether customers and salespeople in each location have a common list for each role (Solomon et al. 1985). The following subsections summarize aspects of the role theory framework that are particularly relevant to the potential conflict between friendship and business roles.

Flexibility in Role Enactment

Each social role encourages people to meet (and/or abstain from) a core set of critical role behaviors and leaves room for individual discretion on other behaviors (Biddle 1979; Levinson 1958; Sarbin and Allen 1968). To use an example from Gross, Mason, and McEachern's (1958, p. 60) research, the role of school superintendent may strongly encourage attendance at school board meetings but may have no specific guidelines for attending meetings of the state superintendancy association. Furthermore, rather than narrowly pinpointing these critical role behaviors, role expectations "define the limits or range of tolerated behavior" (Schewe 1973, p. 33; see also Goffman 1961; Sarbin and Allen 1968; Zurcher 1981). For example, the role of superintendent may be flexible in terms of how superintendents should participate in school board meetings.

A consequence of this behavioral flexibility is that the enactment of social roles is not a binary phenomenon. People can be viewed as performing all, some, or none of a role's critical behaviors. Furthermore, to the extent that people perform these critical behaviors, they can perform them in different ways, each of which will be viewed as being more or less role appropriate. Role performances are not judged as either succeeding or failing but rather as meeting (or falling short of) expectations to a greater or lesser degree. Therefore, it is useful to view roles as "fuzzy sets" (Montgomery 1998, 2000).

Role Conflict

People are asked to play several different social roles in their daily lives, many of which do not conflict with one another (Arnett, German, and Hunt 2003; Goode 1960; Sarbin and Allen 1968; Zurcher 1983). However, they can also find themselves in situations in which sufficiently meeting the core expectations of one role means falling short of the core expectations of another (Halpern 1994; Heide and Wathne 2006; Montgomery 1998; Perrewé et al. 2004; Price and Arnould 1999; Rothbard 2001). This results in "role conflict" (Gross, Mason, and McEachern 1958, p. 248; Kahn et al. 1964, pp. 18–20; Montgomery 1998; Walker, Churchill, and Ford 1977). For example, a senior purchasing manager may experience role conflict if he or she believes that a company's demand for innovative problem solvers conflicts with its requirement that its executives behave ethically (Kahn et al. 1964, p. 20).

Because role demands are flexible, people facing role conflict do not necessarily need to play one role or another and can instead try to balance the different demands by enacting some behaviors but not others (Heide and Wathne 2006). Nonetheless, the resulting role conflict undermines one of the main functions of roles, which is to help people anticipate what behaviors are expected of them and of others (Biddle 1986; Michaels, Day, and Joachimsthaler 1987). When contradictory role requirements are imposed by a single relationship or context, this will "trigger doubts about the viability of the existing relationship roles" (Heide and Wathne 2006, p. 97). Thus, exchange partners spend more time and energy on the mechanics of appropriate interaction, which results in cognitive or psychological "strain" (Cooke and Rousseau 1984, p. 252; O'Driscoll, Ilgen, and Hildreth 1992, p. 273; Sarbin and Allen 1968, p. 541).

As Heide and Wathne (2006, p. 91) suggest, an aim of role-theoretic analysis is to identify the sources of role conflicts by clearly specifying the "properties" of different roles—that is, how roles differ in terms of their expected behaviors, activities, and decision-making patterns. In this spirit, I examine Price and Arnould's (1999) proposition that a cause of the conflict between business relationships and friendships is that the expectations of the former encourage an instrumental orientation whereas those of the latter encourage an exclusively intrinsic orientation. I also extend Price and Arnould's (1999) work by testing the impact of this conflict on business outcomes and by examining whether certain kinds of role conflict are more problematic than others. In the next section, I specify the friendship role in more detail and explain why it conflicts with the role expectations associated with business relationships.

Friendship and Its Conflict with Business

To define the friendship role, Price and Arnould (1999, pp. 39–40) identify four critical properties, each of which has been recognized by other researchers. First, friendship is associated with intimate self-disclosure. Friends are expected to share personal problems with and to "open up" their lives more fully to each other (Cozby 1973; Fischer 1982; Haytko 2004; Veltman 2004). Second, friendship is based on voluntary social interaction. Friends are expected to seek out each other's company willingly rather than to interact only because of bureaucratic demands or practical convenience (Allan 1979, 1989; Carrier 1999; De Montaigne [1580] 1910; Du Bois 1974; Fischer 1982; Haytko 2004; Reohr 1991; Silver 1990). Third, friendship is motivated by a communal orientation, which means that the benefits one partner offers are not expected to incur a feeling of obligation on the other (Clark 1984; Silver 1990; Wolf 1966). Fourth, the friendship role includes the expectation for an exclusively intrinsic orientation. This characteristic is particularly important to the current research because Price and Arnould (1999) identify it as a primary source of the tension between friendships and business relationships. An intrinsic relational orientation is the desire to maintain a relationship because of inherently enjoyable aspects of the relationship (Carrier 1999) and because "the relationship itself generates its own rewards" (Rempel, Holmes, and Zanna 1985, p. 98).

Although these four characteristics co-occur in friendship, the existence of any one does not necessarily imply the appearance of the others. For example, people will often disclose intimate information to a psychological counselor but may not believe that spending time with this counselor is intrinsically enjoyable. Even if the self-disclosure process is uncomfortable, people may maintain a relationship with a counselor for the instrumental goal of coping better with life challenges. In such cases, intimate self-disclosure does not co-occur with intrinsic orientation. As another example, people involved in a book club may intrinsically enjoy the time they spend with other members, but they also may believe that when they provide benefits to other members (e.g., leading a discussion, hosting a meeting), this invokes the obligation that other members must provide the same kind of benefit. In such situations, an intrinsic orientation does not co-occur with a communal orientation.

The survey used for this study assessed friendship by measuring all four characteristics (i.e., intimate self-disclosure, voluntary social interaction, communal orientation, and intrinsic orientation). However, given the importance of an intrinsic orientation to the current research, the next subsection focuses particular attention on it.

Friendship and Its Expectation for an Exclusively Intrinsic Orientation

For centuries, scholars have noted that friends are expected to have an intrinsic orientation. In Aristotle's view, friendship exists on a sliding scale depending on how much the relationship is motivated by "wishing the other well for the other's sake" (Mitchell 1997, p. 3; Schwartzenbach 1996, p. 100). To him, the best form of friendship is one in which "the partners love each other for themselves, cherishing each other for their characters" (Pangle 2003, p. 43). This perspective on friendship is reinforced by contemporary scholarship. For friends, "it is the relation itself that is of greatest value" (Reohr 1991, p. 21). Friends pursue the relationship because of each other's "unique and irreplaceable qualities" (Silver 1990, p. 1476). They are "loved for themselves alone" (Du Bois 1974, p. 18) and are motivated by "a concern for the good of the friend for his own sake" (Blum 1980, p. 43). Some researchers have called this an expressive (rather than an intrinsic) orientation because emotional expressions often are what make friendships intrinsically enjoyable (Price and Arnould 1999; Wolf 1966).

When scholars note that the friendship role necessitates an intrinsic orientation, they frequently emphasize that it also encourages a minimal or nonexistent instrumental orientation. Instrumentally oriented partners focus on relational benefits that have value and use outside the relationship. For example, someone who maintains a relationship because it provides access to money, privileges, or social connections has an instrumental orientation (Blum 1980).[1] Although intrinsic and instrumental orientations often are defined in contrast with each other, they are also conceptualized as two separate dimensions (Du Bois 1974; Heide and Wathne 2006; Husman, Derryberry, and Crowson 2004; Rempel, Holmes, and Zanna 1985; Weitz, Sujan, and Sujan 1986). Thus, a relationship can be both intrinsically and instrumentally oriented (Beatty et al. 1996; Weitz, Sujan, and Sujan 1986).

However, whereas some roles can accommodate both intrinsic and instrumental orientations, friendship allows less latitude for this. Aristotle described the ideal friendship as one in which the partners seek only intrinsic benefits, not "some incidental benefit that they provide [to] each other" (Pangle 2003, p. 43). In Aristotle's view, partners who seek benefits beyond the relationship are merely "friends coincidentally" (Koehn 1998, p. 1757) or friends "in only a truncated sense" (Pangle 2003, p. 39). Several eighteenth-century thinkers advanced a similar standard for true friends (Silver 1990). For example, Hume believed that "the moral quality of friendship is enhanced precisely because it involves matters that do not enter into 'self-interested commerce'" (Silver 1990, p. 1480), and Adam Smith suggested that the most "morally superior form of friendship" is one that is "unconstrained by necessity"—that is, free from the need to interact with each other for business purposes (Silver 1990, p. 1481). Thus, friendship role expectations historically have been viewed as not only encouraging an intrinsic orientation but also discouraging an instrumental one.

More recent scholarship shares this view. An ideal friendship "should be undertaken for its own sake rather than for some ulterior motive or as a means to some other end" (Allan 1979, p. 43) and should be "unfettered by any selfish or instrumental concerns" (Allan 1989, p. 13). Friendship is "not concerned with outcomes" (Reohr 1991, p. 21) and "is threatened when one party is too clearly exploitative of the other" (Wolf 1966, p. 13). As Price and Arnould (1999, p. 39) explain, friendship is "expressive rather than instrumental…. [F]riendships are not generated or sustained for extrinsic material benefits that accrue. Perceiving that one party is sustaining a friendship for instrumental purposes is likely to damage it." In summary, because ideal friendships encourage a lack of instrumentality and because commercial exchange usually encourages at least some instrumental considerations (Bagozzi 1974; Kotler 1972; Mandel 2006), friendship and business create expectations that are likely to conflict.

[1]It is useful to distinguish an instrumental orientation from an "exchange orientation," which is a relational perspective in which "every positive or negative action by one individual [is expected to] be met by a similarly weighted action by the recipient" (Murstein, Cerreto, and, Mac Donald 1977, p. 543). The distinction between instrumental and exchange orientations can be understood by recognizing that one does not imply the other. On the one hand, an exchange orientation does not imply an instrumental orientation. As Murstein, Cerreto, and Ozeki (1977) and Sprecher (1986) emphasize, people can have an exchange orientation toward instrumental relational benefits (e.g., money) and/or toward intrinsic relational benefits (e.g., expressions of love). On the other hand, an instrumental orientation does not necessitate an exchange orientation. For example, someone may seek relational benefits that are for use primarily outside the relationship (instrumental orientation) but without feeling a need to repay these benefits when they are received (i.e., no exchange orientation).

Friendship and Business Outcomes

The Positive Effect of Friendship on Business Outcomes

The expectation that friendship should be intrinsically oriented does not mean that friends must refrain from doing utilitarian things for each other. Wishing someone good for his or her own sake often means helping the person in instrumental ways simply because it is enjoyable to do so (Halpern 1997). According to Reohr (1991, p. 102), "It is with a close relationship that one knows he or she can make use of the other without using him or her. A friend is glad to be useful." Similarly, Allan (1979, p. 43) writes that "friends can quite legitimately make use of one another in instrumental ways without threatening the relationship, provided that it is clear that they are being used because they are friends and not friends because they are being useful." Therefore, it is not surprising that much empirical work on friendship in marketing has found that friends are more likely to be valuable exchange partners; that is, they exhibit characteristics that are likely to influence the bottom line positively (Johnson and Selnes 2004). For example, partly because of their open and helpful attitude, friends are more loyal business partners (Beatty et al. 1996; Price and Arnould 1999) and are more committed and productive (Haytko 2004). One goal of the current study is to replicate this finding.

> H_1: The more an exchange partner believes that a friendship exists with a business partner, the more he or she will behave in ways that positively influence business outcomes.

The Negative Effect of the Friendship Role–Business Role Conflict on Business Outcomes

Although friendship may have a positive effect on business outcomes, the main purpose of this study is to explore whether this effect is moderated downward by a conflict between friendship role and business role expectations. Because of the exclusively intrinsic expectations for friendship and the instrumental goals of business, exchange partners who are simultaneously confronted with both role demands can become concerned that their willingness to "be useful" is being exploited to the point that they are "being used" (Allan 1979; Reohr 1991). They become concerned that their so-called friend is taking advantage of their friendly willingness to be useful. When this instrumental perspective combines with friendship, the result is role conflict.

A potentially effective strategy for reducing or eliminating this conflict is to forgo, curtail, or terminate the development of relationships in which dual role expectations are likely to arise. This is demonstrated by Price and Arnould (1999, p. 50), who find that a "tension between instrumental and expressive goals led a significant minority of [research] participants to consider it inappropriate to form a friendship with their commercial partners." Although theirs is the only empirical study in marketing that focuses explicitly on this conflict, other qualitative studies also have noted that this conflict can occur and have reported that people sometimes address or avoid this conflict by separating the two role demands and/or keeping them from simultaneously exerting an influence. For example, in Halpern's (1996, p. 1536) study of real-estate agents, some informants reported that they did not develop friendships in business because "you are representing your client and all that stuff can get in the way of your relationship." As another example, some informants in Beatty and colleagues' (1996, p. 232) study of retail customers indicated that they did not want to build a friendship with a retail sales associate because it "might cause them to feel pressured into buying something they did not want." In the same spirit, Heide and Wathne (2006) predict that people faced with role conflict often either switch roles or resist the new role rather than operate with conflicting demands.

Comparable findings also have been reported in the network marketing industry (the context examined in this research), whose agents often are encouraged to consider their friends potential customers. Pratt (2000, p. 14) notes that friends who are targeted by network marketing agents sometimes view these agents as "taking advantage of their existing relationships for economic gain" and therefore try to avoid spending time with such "friends." This reaction is corroborated by network marketing agents in Lan's (2002, p. 170) research, one of whom said that "[f]riends were hiding from me, like they were hiding from the plague!" Another network marketing agent reported to Gabbay and Leenders (2003, p. 527) that he did not try to recruit friends because "[y]ou say to yourself, will my friend think I am a jerk doing this? You think you're screwing up your friendships." Still other network marketing agents reported that they avoided recruiting their friends because they were "scared of upsetting friendships" and did not want to seem as if they were trying to "take advantage of close relationships" (Grayson 1996, p. 336). These qualitative results demonstrate that network marketing agents and customers can experience a conflict between friendship and business roles and that they sometimes manage this conflict by striving to separate the two role expectations.

However, when conflicting role demands exist, people do not always solve the problem by segregating role demands or curtailing the relationship. Instead, they may be willing to continue a relationship despite the role conflict (Heide and Wathne 2006). Researchers have suggested two related reasons for continuing a relationship that is experiencing role conflict. First, people may believe that the benefits of maintaining the relationship are greater than the costs of weathering continued role conflict. As Goode (1960) explains, people make explicit or implicit decisions about which role conflicts they will or will not tolerate. For example, although some salespeople may be uncomfortable when a client tries to bring friendship into the relationship, they may still maintain the relationship because the client is a good customer (Haytko 2004). Second, the costs of ending the relationship may be worse than the costs of remaining in it. As Kahn and colleagues (1964) explain, functional and structural constraints often create high exit costs for a relationship. For example, a person's decision to terminate a particular friendship can have negative implications for that person's relationships with other friends in the relationship network—a cost that may keep the person from ending the friendship.

It is important to reemphasize that relationships often function despite role conflict. Because roles are fuzzy sets, people can experience two competing role expectations and, by making compromises and trade-offs, can still reasonably accommodate the expectations for each role. A friend's instrumental orientation can rise to the point that it negates the friendship, and a friendship can grow to the point that it makes a business relationship impossible. However, these are two endpoints on a continuum of possibilities in which conflict exists to a greater or lesser degree. This study examines ongoing relationships in which friendship and business expectations exist simultaneously, and it assesses the potential implications of maintaining (rather than severing) a relationship that is experiencing these conflicting expectations.

Although relationships can endure despite role conflict, the conflict may nevertheless have a negative effect on the relationship. People who continue a relationship that comingles friendship and business concerns may find that the resultant role conflict dampens some of the positive effects predicted in H_1. This is because role conflict creates cognitive strain. People experiencing role conflict find it difficult to know what behaviors are expected of them and of others (Biddle 1986; Michaels, Day, and Joachimsthaler 1987; Sarbin and Allen 1968). According to Heide and Wathne (2006, p. 97), when there is role conflict, relationship roles are enacted but "in a weakened or diluted state." Thus, whereas H_1 predicts that friends are more likely to behave in ways that positively influence business outcomes, the following hypothesis predicts that because of the friendship role expectation for an exclusively intrinsic orientation and the business role expectation for an instrumental orientation, role conflict weakens this positive effect:

> H_2: The more an exchange partner experiences conflict between friendship role expectations and the instrumentality of business role expectations, the more the positive effect of friendship (predicted in H_1) will be reduced.

This conflict is not attributable merely to the simultaneous presence of intrinsic and instrumental motivations. As suggested previously, many roles allow a combination of both orientations. For example, many people accept that a salesperson can have both intrinsic and instrumental motivations for pursuing a customer relationship (Weitz, Sujan, and Sujan 1986). However, this combination is less acceptable for friendships. Customers who believe that they have a true friendship with a salesperson (including not just an intrinsic orientation but also intimate self-disclosure, voluntary social interaction, and a communal orientation) are more likely to experience role conflict if the salesperson shows evidence that he or she maintains the relationship in part because of commissions earned on the customer's orders (Price and Arnould 1999).

In summary, in accordance with previous research in marketing, H_1 and H_2 predict that friendship has a positive influence on business outcomes but that this effect is moderated downward to the extent that one or both partners have an instrumental orientation toward the relationship. Notably, similar results have been reported in the literature on workplace romances. Similar to people involved in business friendships, those involved in workplace romances are prone to suspect that their intrinsic willingness to be useful has been exploited to the point that they are being used (Foley and Powell 1989). Partners who develop romantic workplace relationships for a "love motive" (i.e., for the intrinsic benefits of companionship) demonstrate an increase in productivity, whereas those who also pursue these romances for a job-related motive (i.e., for instrumental reasons) experience a decrease in productivity (Pierce, Byrne, and Aguinis 1996). This is analogous to the prediction that friendship should have a positive influence on business outcomes but that this positive influence should be moderated downward to the extent that a partner's instrumental orientation is apparent.

Do Different Relationships Experience the Conflict Differently?

Thus far, I have not distinguished between the conflict that occurs when a friendship is influenced by instrumentality and that which occurs when a business relationship is influenced by a friendship role's exclusively intrinsic expectations. Most previous research also does not make this distinction. Instead, theoretical arguments about the conflict between friendship and business have centered on what happens when role demands are "simultaneously present" (Ingram and Roberts 2000, p. 389), not on whether one kind of role conflict is different from another. Other researchers have proposed that instrumental motives can "undercut" or "undermine" friendship (Kemp and Burt 1999, p. 2273; Rempel, Holmes, and Zanna 1985, p. 100), but they have not addressed whether this effect occurs only when friendships become influenced by business role demands or when friendship role demands try to enter business relationships. Still others have suggested that the simultaneous presence of friendship and instrumentality creates a "tension" (Price and Arnould 1999, p. 39; Rawlins 1989) in relationships, but they have not discussed whether this tension differs depending on whether the business role preceded the friendship. This nondirectional perspective on role conflict has precedent in the sociological literature. As both Gutek, Searle, and McEachern (1991) and O'Driscoll, Ilgren, and Hildreth (1992) point out, role conflict research has often assumed that the effect of role conflict is influenced primarily by the relative strength of simultaneous role demands, not by which role demand preceded the other.

However, as Heide and Wathne (2006, pp. 97–98) note, relationships that begin as friendships may respond to conflicting role demands differently than those that begin as business relationships. In their view, establishing a friendship requires such effort and time that it is difficult to turn a business partner into a friend. Conversely, friendships can evolve more easily into business relationships because imposing instrumentality is more likely to "trigger doubt" in the friendship; that is, according to Heide and Wathne, business relationships are more able to resist role-switching signals, whereas friendships are more responsive to them. This suggests that friendships are more sensitive to role conflict than are business relationships, in part because the former takes longer to develop (and therefore are more rare) than the latter.

Analogically similar conclusions are suggested by research on role conflict between work and family roles. Although the work role–family role conflict tends to be in the form of intersender (rather than intrasender) conflict and though there are differences between the work–family contrast and the business–friendship contrast, both situations involve conflict between relationships that are relatively more substitutable (business and work) and those that are more valuable and rare (friendship and family). As Kossek and Ozeki's (1998) meta-analysis demonstrates, people tend to experience greater conflict when work role demands encroach on family roles than when family role demands encroach on work roles, a result that supports the premise that more valuable and less substitutable relationships are more sensitive to role conflict. In summary, there is reason to suspect that the conflict arising from the encroachment of business role expectations on friendship is more severe (and therefore has stronger negative consequences) than the encroachment of friendship role expectations on business relationships.

> H_3: When an existing friendship role becomes influenced by business role demands, the effect predicted in H_2 will be greater than when an existing business role becomes influenced by friendship role demands.

Importantly, H_3 focuses exclusively on the differential impact of these two kinds of conflict (and is silent about which type of conflict is likely to be more prevalent in the social or business world). It proposes that each type of role conflict has a negative impact on business outcomes but that the effect of one is stronger than the effect of the other.

Study Context

To test the hypotheses proposed in the previous section, it was necessary to identify a population of respondents who were likely to be experiencing various levels of tension between friendship and instrumentality. Surveying people who are primarily friends or primarily business associates would minimize the study's ability to detect variance in the tension and, therefore, to understand its effects. As mentioned previously, the population ultimately selected was a particular kind of direct-selling agent—those who work for "network marketing organizations."[2] Network marketing, which has been examined from various academic perspectives (Biggart 1989; Brodie, Stanworth, and Wotruba 2002; Coughlan and Grayson 1998; Frenzen and Davis 1990; Lan 2002; Pratt 2000), is the most prevalent form of direct selling, and it generates more than $22 billion in annual U.S. sales (Direct Selling Association 2005). Examples of network marketing organizations that have received attention in the academic and popular press include Amway, Herbalife, Melaleuca, Nu Skin, The Pampered Chef, and Shaklee (Pratt 2000; Shrager 2001; Vander Nat and Keep 2002). This section describes network marketing and explains why this distribution sector is particularly appropriate for exploring the study's research question.

Direct selling involves selling consumer goods to private people in contexts in which retail selling does not usually occur, such as in homes and workplaces (Berry 1997, p. xxi). Network marketing companies are a special type of direct-selling organization because their agents can generate income in two ways. They can earn commissions and retail profits by selling directly to retail customers, and they can recruit and manage their own network of sales agents (on whose sales they earn a commission). Those who undertake this second income-generating activity are often called "sponsors" who develop a "downline" of sales agents. Therefore, network marketing agents can have a relationship with both their "upline" sponsor and their "downline" recruits. With few exceptions, network marketing agents are independent contractors who make individual decisions about how much time to spend on their businesses. They also often work cooperatively by holding common recruitment meetings and sales training sessions.

Network marketing agents are well suited for this study because the organizations they work for encourage them to use existing social networks as a pool for recruiting new agents (Biggart 1989; Pratt and Rosa 2003). For example, Yarnell and Yarnell (1998, p. 113) encourage people to develop a list of potential sales contacts by creating a "warm list" of people who know them by name (see also Bremner 1996; Carmichael 1993; Clothier 1994; Poe 1995). As a result, network marketing agents are often sponsored and supervised by someone who is at least a social acquaintance and sometimes also a friend. In other words, as part of their job, network marketing agents are encouraged to introduce business role expectations into friendships (Lan 2002; Pratt and Rosa 2003). Therefore, they face potential role conflict.

Furthermore, research on network marketing has demonstrated that despite this advice and encouragement, not all network marketing agents pursue a business strategy that relies primarily on an existing social network for customers. For several reasons, including concerns about upsetting friends and acquaintances, some agents instead decide "that the effort and potential social cost associated with selling to friends are too high" (Grayson 1996, p. 337) and that "strangers or remote friends are 'better' targets than close friends because distributors feel less pressure" (Lan 2002, p. 170). Therefore, as Merrilees and Miller (1999) illustrate in their study of network marketing sales strategies, some agents deliberately focus their selling and

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[2]The term "network marketing" is used by practitioners (e.g., Berry 1997), and it appears in academic articles (Coughlan and Grayson 1998; Jun et al. 2006; Kong 2001; Pratt 2000) and trade publications (including in publication titles, such as the *Network Marketing Business Journal* and *TheNetworkMarketingTimes.com*). Other labels are also common, including "multilevel marketing" (Clothier 1994). However, as one reviewer rightly noted, these labels are sometimes viewed as having negative connotations, leading some in the industry to prefer the more generic term "direct selling," an umbrella term that refers to both multilevel and single-level direct-selling organizations (Berry 1997).

recruiting efforts on people who are not friends. Nonetheless, when nonfriends join a downline, their upline sponsor may then be interested in building a close personal relationship with them. According to Lan (2002, p. 177), some sponsors actively "transform their relations with fellow distributors" by developing particularly close relationships with them. As one of Pratt's (2000, p. 470) Amway informants explained, if you "build a friendship, you build a directship" (a "directship" is achieved when an agent's downline exceeds specific sales targets). Similarly, several informants reported that partly because sponsors pay such intense personal attention to recruits, they often naturally become friends (Grayson 1996).

Thus, network marketing sometimes involves imposing a business role on a friendship and sometimes involves developing a friendship role within a business relationship. Because of this, studying a sample of network marketing relationships facilitates a test of whether friendships have a positive influence on business outcomes (H_1), whether this influence is moderated downward by a conflict between friendship role and business role expectations (H_2), and whether this conflict is worse for friends faced with business role expectations than for business partners faced with friendship expectations (H_3).

Method

Data Collection and Sample Characteristics

Four network marketing organizations that are members of the Direct Selling Association allowed the inclusion of additional measures as part of an agent activity and satisfaction survey. One of the four participating companies wanted to remain completely anonymous. Among the remaining three, one markets vitamins and dietary supplements, one markets skin and beauty products, and one markets household products. All three have been operating for more than 15 years. At the time of the survey, each company reported a distributor network size greater than 500,000 and annual worldwide sales greater than $500 million. The survey was mailed to 2850 agents, and 685 were returned, producing a 24% response rate, which is comparable to several similar survey-based studies (e.g., Doney and Cannon 1997; Johnson, Sohi, and Grewal 2004; Kumar, Scheer, and Steenkamp 1995). For each company's responses, the characteristics of the first 10% of surveys received were compared with those of the last 10% of surveys received, and no statistically significant differences were found.

To evaluate the sample of agents who responded to this study, it is useful to compare it with samples collected in three other studies on direct-selling agents: the Direct Selling Association's (2005) annual industry survey, Brodie, Stanworth, and Wotruba's (2002) survey of 469 network marketing agents, and Wotruba's (1989) survey of 491 agents. For this study, 75% of respondents were female, compared with 71% reported by Brodie, Stanworth, and Wotruba, 82% reported by the Direct Selling Association, and 85% reported by Wotruba. For this study, 62.8% of respondents were married, compared with 59% of Brodie, Stanworth, and Wotruba's respondents, 76% of the Direct Selling Association's respondents, and 62% of Wotruba's respondents. For this study, 53.6% of the respondents had dependent children, compared with 51.24% of Brodie, Stanworth, and Wotruba's respondents. The median age of respondents for this study was 40, which is comparable to Brodie, Stanworth, and Wotruba's median age of 37.3 but is older than Wotruba's median age of 27. Finally, 92.1% of this study's respondents reported working fewer than 30 hours, compared with 95.6% reported by Brodie, Stanworth, and Wotruba, 87% reported by the Direct Selling Association, and approximately 71% reported by Wotruba. Taken together, these comparisons suggest that the demographic characteristics of the sample collected for this study are reasonably comparable to the characteristics of samples collected by others.

The next sections specify the survey items used to measure the independent, dependent, and control variables for this study. Additional details on survey items appear in Appendix A.

Measures: Independent Variables

Friendship. As mentioned previously, network marketing agents can have friendships with both their upline sponsor and members of their downline. Therefore, the survey for this study measured two types of network marketing friendships: friendships between respondents and their upline sponsors and friendships between respondents and members of their downline. Thus, H_1 and H_2 were tested from two perspectives. One focused on individual relationships in which each respondent is the supervisee, and one focused on a set of downline relationships in which each respondent is the supervisor. To the extent that the results for one kind of relationship are replicated in the results for the other kind, this suggests a robust effect that occurs regardless of whether the relationship is with a supervisor or a supervisee.

To assess the level of friendship that respondents felt for their upline sponsor, four survey items were used, each of which focused on one of the four friendship characteristics identified previously (i.e., intimate self-disclosure, voluntary social interaction, communal orientation, and intrinsic orientation). Intimate self-disclosure and voluntary social interaction were measured with items from Frenzen and Davis's (1990) study of network marketing. Two new items measuring communal (versus exchange) orientation and intrinsic orientation were developed for this survey. Respondents rated the four items comparably (Cronbach's α = .82), so each person's ratings on all four items were averaged to produce a measure of friendship strength.

A respondent's friendship with his or her upline sponsor involves only one individual. However, because a respondent often has friendships with several supervisees, a different approach was needed to measure the level of friendships in his or her downline. Because a network marketing downline can include several people (more than 25% of this study's respondents had more than 30), asking respondents to answer a series of questions about each downline member risked decreasing the response rate, with a bias against agents with larger downlines. More specifically, if the same four items used to measure upline friendships were also used to measure downline friendships, a respondent with a one-person downline would be asked to answer only four questions whereas a respondent with a ten-person downline would answer 40 (4 × 10) questions. Thus, in line with McCallister and Fischer's (1978) widely cited recommendations for addressing this problem, respondents for this study were instead asked to identify the number of people in their respective downline networks who were friends. Respondents were also asked to indicate the number of friends in their "indirect downline," which is a network marketing term that refers to downline members who were sponsored by the respondent's colleagues. (Although network marketing agents do not directly supervise people who are in their indirect downline, agents still often interact with them at sales and training presentations.)

The total number of friendships in each respondent's direct and indirect downline was used as a measure of downline friendships. Thus, agents with more downline friends were modeled as experiencing stronger expectations for an intrinsic orientation than those with fewer downline friends. For example, agents with five friends in their downline were modeled as experiencing more friendship expectations than those with two friends. Importantly, this measure is independent of an agent's downline size. For example, someone with a downline of six people that included three friends was modeled as feeling the same friendship role expectations as someone with a downline of five people that included three friends, and someone with a downline of five people and no friends was modeled as feeling the same friendship role expectations as someone with no downline at all. If friendships were instead expressed as a percentage of total downline size, agents with one friend in a downline of one (100%) would be modeled as having greater friendship expectations than agents with four friends in a downline of six (66%).

Although this alternative metric for measuring downline friendships reduces the likely response bias against those with larger downlines, it creates a potential confound. If different results are found for upline and downline friendships, these differences could be attributed either to differences in measures for upline and downline friendships or to different effects for upline and downline friendships. Because measuring two types of friendships using two measures increases the likelihood of producing different results, the study design attempts to achieve what Lindsay and Ehrenberg (1993) call a "differentiated replication" (as opposed to a "close replication," in which the same measures would be used to measure the same relationships in a different study). Thus, if this study produced similar results despite the difference in relationships and measures, it would be viewed as being particularly strong evidence of theory generalizability (Farley, Lehmann, and Mann 1998; Lindsay and Ehrenberg 1993).

Preexisting relationship. Respondents were asked to rate their relationship with their upline sponsor before they began using the company's products or working as an agent. Responses were bimodal: 83% of respondents gave a score of 4 ("acquaintance") or lower, and 79% of these reported a 1 ("did not know at all"). Of the 17% of respondents who considered themselves more than an acquaintance, 65% reported a 7 ("was a close friend"). Thus, this measure was treated as a binary variable (MacCallum et al. 2002), in which a score less than or equal to 4 ("acquaintance") was coded as 0 ("no previous friendship") and a score greater than 4 was coded as 1 ("previously friends").

Instrumentality. As a measure of instrumentality, survey respondents were asked to report the amount of training they received in the previous 12 months. Training is a useful proxy for instrumentality because it emphasizes how people can gain instrumental benefits from their network marketing business. Network marketing training focuses on traditional sales skills (e.g., making sales presentations, addressing consumer objections for the purpose of making a sale; see Cahn 2006), which primarily help the agent earn more money and commissions. Training sessions also often emphasize the material benefits that can be earned by successful agents, such as cars, homes, and vacations (Cahn 2006; Pratt 2000). They also explicitly discuss how agents can use persuasive strategies to leverage their social relationships in support of business success—that is, how instrumentality can and should be introduced into friendships (Biggart 1989; Butterfield 1985; Gabbay and Leenders 2003; Pratt 2000). Thus, the more training sales agents receive, the more they are likely to experience the instrumental demands of their sales roles. (An important methodological concern with any measure—and, in particular, proxy measures—is whether the pattern of results exhibited by the measure is open to viable alternative explanations. The regression analysis reported subsequently addresses an important alternative explanation.)

To measure training, the survey asked respondents to report the average hours of monthly one-on-one training they received from their supervisor during the past year, the average hours of monthly one-on-one training they received during the past year from people who were not their supervisor, and the hours spent as a participant in group training sessions during the past year. For each respondent, the annual hours of group training were divided by 12 and added to the other two metrics to create an "average training per month" variable.

Measures: Dependent Variables

The hypotheses for this study focus on behaviors that positively influence business outcomes. In light of Haytko's (2004) finding that friends in business are more committed and productive, this study focuses on (1) the amount of time respondents commit to their business and (2) the productivity of the time they spend. Therefore, respondents were asked how much time they spent on various activities (selling, recruiting, and network management). They also were asked to report the average number of recruits they personally sponsored in an average six-month period, the value of products they sold in an average month, and the amount of profit they earned in an average month. (When controlling for hours spent per month and size of the respondent's downline, these dependent variables reflect agent productivity.) The premise of this research is that a conflict between friendship and instrumentality will weaken agents' abilities and willingness to enact the sales role and that this will be evident in a decrease in the hours they work and in the productivity of the hours they work.

Control Variables

An agent's performance depends on several additional factors. For example, profits are likely to depend on the size of an agent's downline, and recruits per month may depend on how experienced the agent is. Therefore, various control variables were measured, including the size of the respondent's downline, tenure as an agent, and demographic variables (e.g., age, marital status, number of children in the household, gender).

Analysis and Results

Means, standard deviations, and correlations of study constructs appear in Table 1. To test for common method variance, the procedure recommended by Lindell and Whitney (2001) was used (details appear in Appendix B). Table 1 reports the results in a manner similar to Agustin and Singh's (2005) approach and suggests that common method variance is not a serious concern. To be analytically conservative, however, a control variable for common method variance was included as part of the regression analysis (Lindell and Whitney 2001).

Ordinary least squares regression was used to test the hypotheses. All continuous measures were mean centered to reduce the multicollinearity that would otherwise be caused by the interaction terms (Aiken and West 1991). Regression diagnostics suggest low multicollinearity concerns: No tolerance fell below either the .10 cutoff that Chatterjee, Hadi, and Price (2000) suggest or the more conservative .20 cutoff that Menard (1995) suggests. Standardized regression coefficients appear in Table 2. As the table shows, the regression analyses include control variables such as hours worked and size of downline, so any other significant coefficients are effects beyond these influential business factors.

H_1 predicted that agents with strong feelings of friendship toward their business partners would produce better business outcomes than agents with weak feelings of friendship. This hypothesis was tested by examining two different kinds of friendships: respondents' friendships with their upline sponsor and respondents' friendships with those in their downline. H_1 was supported for friendships between respondents and their downlines. It was a significant predictor of hours of network management (B = .17, t = 2.94, $p < .01$), sales (B = .14, t = 2.23, $p < .05$), recruits (B = .32, t = 7.33, $p < .01$), and profits (B = .20, t = 4.05, $p < .01$). H_1 was not supported for upline-sponsor friendships (none of the relevant regression coefficients are significant). However, as explained subsequently in the discussion of Figure 1, this main effect was significantly moderated by training, and the data pattern suggests that friendships with upline sponsors have a positive effect on business outcomes, but only for friendships with relatively low instrumentality.

As H_2 predicted, training negatively moderated the effect of friendships with both the upline sponsor and downline agents. The interaction between friendship with the upline sponsor and training was a significant, negative predictor of hours spent on selling (B = –.09, t = 2.02, $p < .05$), recruiting (B = –.10, t = 2.06, $p < .05$), and network management (B = –.15, t = 3.47, $p < .01$), as well as of profits (B = –.09, t = 2.37, $p < .05$). The interaction between downline friendships and training was a significant, negative predictor of hours spent on recruiting (B = –.18, t = 2.91, $p < .01$) and network management (B = –.43, t = 7.37, $p < .01$), as well as of sales (B = –.11, t = 2.39, $p < .05$) and profit (B = –.32, t = 5.95, $p < .01$). This interaction was also a marginally significant predictor of recruits (B = –.09, t = 1.88, $p < .10$). These results provide support for the general proposition that a conflict between friendship and the instrumentality emphasized by training can undermine business outcomes.

An alternative explanation for these negative interactions is that training in network marketing could be particularly poor and that this (rather than the conflict between friendship and instrumentality) could cause a decrease in commitment and productivity. Recognizing that good training should have a positive influence on commitment and productivity (Walker, Churchill, and Ford 1977), I tested training's main effect on the dependent variables. Contrary to the alternative explanation, training had a significant, positive main effect on hours spent on selling (B = .21, t = 3.59, $p < .01$), recruiting (B = .28, t = 5.05, $p < .01$), and network management (B = .31, t = 2.94, $p < .01$), as well as a marginally significant main effect on profit (B = .09, t = 1.86, $p < .10$).

I also addressed this alternative explanation by estimating an additional main effect and interaction. Previous sales training research has suggested that sales training is more effective for agents who believe that their products or services are better than the competition's (Dubinsky 1981; Walker, Churchill, and Ford 1977). Thus, if training is effective, it should have a more positive influence on those who are enthusiastic about a company's products and services than on those who are not. To test whether that was the case for this study, the regression analyses incorporated a scale that included six company-oriented measures, which were included in the survey by the participating companies. These items were previously developed on the basis of interviews with direct-selling agents and executives, and they asked respondents to agree or disagree with six statements (on a 1–5 scale) about their perceived value of the company and its products (Cronbach's $\alpha = .63$). As Table 2 shows, training interacted positively with this scale as a predictor of hours spent on selling (B = .14, t = 3.37, $p < .01$), hours spent on recruiting (B = .15, t = 4.00, $p < .01$), and sales (B = .14, t = 3.44, $p < .01$). Taken together, these additional analyses suggest that the training received by respondents is effective and that poor training is not a viable alternative explanation for its negative interaction with friendship. More training increases an agent's commitment and productivity and, thus, the agent's instrumentality, which is this study's explanation for why it interacts negatively with friendship.

H_3 predicted that the conflict between friendship and instrumentality would be stronger for those who were previously friends than for those who were previously in a busi-

TABLE 1
Correlations and Descriptive Statistics

	1	2	3	4	5	6	7	8	9	10
1. Friendship with upline sponsor		.06	.28*	.24*	.08*	.11*	.08*	.10*	.10*	.05
2. Number of downline friends	.07		.23*	.08*	.05	.23*	.24*	.10*	.51*	.27*
3. Average monthly training	.29*	.24*		.12*	.11*	.19*	.13*	.11*	.16*	.06
4. Perceived value of company and products	.25*	.09*	.13*		.07	.09*	–.02	.10*	.06	.07*
5. Hours per month selling	.09*	.06*	.12*	.08*		.54*	.30*	.26*	.17*	.25*
6. Hours per month recruiting	.12*	.24*	.20*	.10*	.54*		.49*	.24*	.46*	.54*
7. Hours per month network management	.09*	.25*	.14*	–.01	.31*	.50*		.17*	.58*	.47*
8. Product sales per month	.11*	.11*	.12*	.11*	.27*	.25*	.18*		.27*	.35*
9. Recruitment per six months	.11*	.51*	.17*	.07	.18*	.47*	.58*	.28*		.48*
10. Profit per month	.06	.28*	.07	.08*	.26*	.54*	.48*	.36*	.49*	
11. Method variance marker (advertising)[a]	–.01	–.04	–.04	.05	.01	–.07	–.08	–.04	–.03	–.07
M	4.37	5.04	3.37	4.18	19.21	10.02	10.86	638.61	4.08	593.03
SD	1.81	14.80	7.70	.55	31.31	19.87	22.92	1047.01	7.96	1225.08

*$p < .05$.
[a]The selection of a method variance marker is described in Appendix B.
Notes: Zero-order correlations appear below the diagonal; correlations adjusted for potential common method bias (Lindell and Whitney 2001) appear above the diagonal.

TABLE 2
Regression Results: Standardized Beta Coefficients

	Hypothesis Tested	Hours Respondent Spends on Selling per Month	Hours Respondent Spends on Recruiting per Month	Hours Respondent Spends on Network Management per Month	Average Product Sales Personally Sold by Respondent per Month	Average Number of New Recruits Respondent Personally Signs Up in Six Months	Average Profit Earned by Respondent per Month
Main Effects							
Friendship with upline sponsor	H_1	.02	.04	–.01	.03	.00	–.03
Number of downline friends	H_1	.05	.06	.17***	.14**	.32***	.20***
Average monthly training		.21***	.28***	.31***	.02	–.02	.09*
Previous upline relationship		.00	.02	.06*	.00	.02	.02
Perceived value of company and products		.02	.03	–.02	.03	.00	.04
Interaction Effects							
Friendship with upline sponsor × training	H_2	–.09**	–.10**	–.15***	.04	.00	–.09**
Downline friends × training	H_2	–.09	–.18***	–.43***	–.11**	–.09*	–.32***
Previous upline relationship × training	H_3	–.08*	–.10**	–.02	.04	.07	.00
Company/product value × training		.14***	.15***	.07	.14***	–.02	.00
Control Variables							
Hours spent on selling		—	—	—	.11**	–.08**	–.04
Hours spent on recruiting		—	—	—	.07	.20***	.36***
Hours spent on network management		—	—	—	.05	.31***	.12***
Size of downline		–.02	.27***	.49***	–.06	.20***	.27***
Years of experience as an agent		.00	.00	.05	–.03	.01	.06*
Age		.09**	.00	–.02	.00	–.05	–.04
Gender (0 = male, 1 = female)		–.02	–.07	–.04	.04	–.07**	.00
Marital Status Dummy 1		–.06	.01	–.09*	–.02	.08**	.02
Marital Status Dummy 2		–.02	.04	–.12**	–.02	.05	.07
Marital Status Dummy 3		–.03	.02	–.09**	–.05	.01	.04
Number of dependent children		.05	–.02	–.04	.02	–.06**	.03
Company Dummy 1		–.37***	–.32***	–.20***	–.40***	–.26***	–.33**
Company Dummy 2		–.22***	–.34***	–.08	–.35***	–.18***	–.19***
Company Dummy 3		–.08	–.31***	–.07	–.26***	–.11**	–.20***
Method variance marker (advertising)		.03	–.04	–.06	–.01	.03	–.01
R^2		.11	.20	.28	.18	.58	.46

*$p < .10$.
**$p < .05$.
***$p < .01$.

ness relationship. The interaction between previous relationship and training offers some support. It is a significant, negative predictor of hours spent on recruiting (B = –.10, t = 2.42, $p < .05$) and a marginally significant, negative predictor of hours spent on selling (B = –.08, t = 1.80, $p < .10$).

To understand the interaction between friendship and instrumentality more clearly, plots were created using mean splits of the independent variables. Figure 1 illustrates the plots for number of hours spent on recruiting, a dependent variable that all four of the key interactions examined in this study significantly predicted. Although mean splits do not reflect the sensitivity captured in the continuous measures (MacCallum et al. 2002) and though these plots reflect the effects of all variables together (rather than only the individual effects of the variables identified), the figure provides a useful illustration of general data trends.

All four graphs in Figure 1 illustrate the effect of training and how it is moderated by other factors. First, Panels A and B illustrate (in support of H_2) the negative interaction between training (instrumentality) and friendship. Panel B suggests that agents with fewer downline friendships responded to more training by working more hours, whereas those with more downline friendships responded to more training by working fewer hours. Panel A suggests that all respondents responded to more training by working more hours but that the increase in hours for those with stronger upline friendships was less pronounced than the increase for those with weaker upline friendships. Both graphs illustrate how training (instrumentality) dampens the effect of friendship.

Figure 1, Panel A, also sheds potential light on the lack of a main effect found for respondents' feelings of friendship with their upline sponsor (H_1). This graph suggests that the significant, negative interaction between friendship and training is driven by friendship's weaker effect on those with more hours of training (i.e., those with higher instrumentality) than on those with fewer hours of training (i.e., those with lower instrumentality). Thus, although there is no main effect for friendship with the upline sponsor, it appears that for those with high instrumentality, friendship has no effect, whereas for those with low instrumentality, friendship has a positive effect. Notably, this finding offers a potential explanation for why, in Frenzen and Davis's (1990) examination of direct selling, customer friendships with party sponsors were not a significant predictor of purchase amount. It is possible that an effect for friendship could have been identified if they had controlled for the perceived conflict between friendship and instrumentality.

Figure 1, Panel C, shows the pattern predicted for H_3. More training is associated with more hours of work for all respondents, but the increase for those who had a previous friendship with their sponsor is less pronounced than it is for those who did not have a friendship. Finally, Figure 1, Panel D, shows a positive (rather than a negative) interaction. More training is associated with more hours worked for all respondents, but this increase is less marked for those with a less favorable view of the company and its products. This addresses a rival explanation for the other negative interactions by showing that training in network marketing is not inherently poor.

Conclusions and Future Research Directions

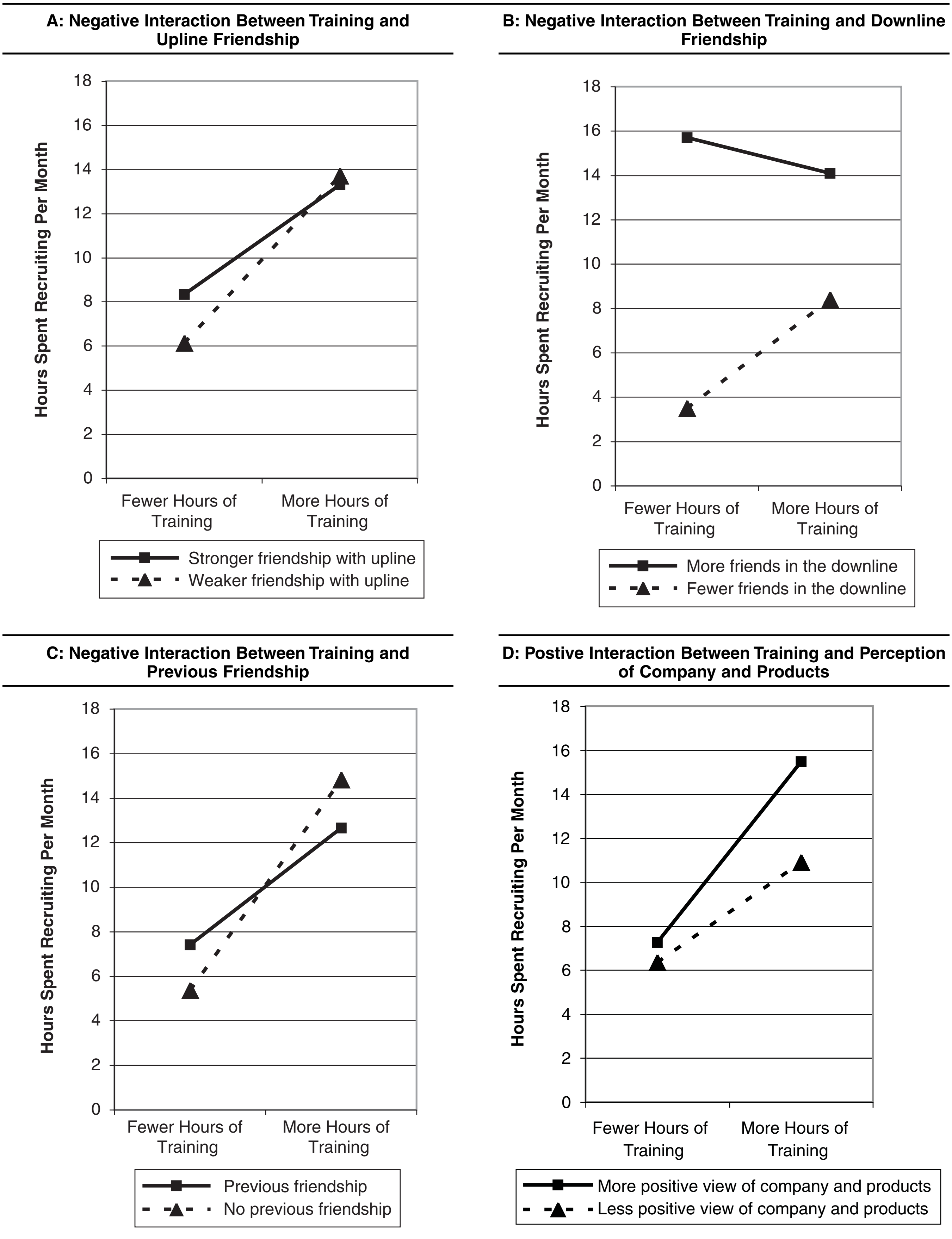
This study examines the proposition that friendship in business achieves its effects against a backdrop of potential role conflict. The results suggest that a conflict between friendship and instrumentality can dampen the otherwise positive effects that may occur because of the friendship. These findings were based on surveys collected from four different companies, so they cannot be easily explained by the nature of a particular company's culture, industry category, or product line. These results extend Price and Arnould's (1999) examination of commercial friendships, which left open the question whether people who remain in such relationships experience conflict, and if so, what effect this may have on business outcomes. As part of this extension, the current study measured two general types of business outcomes: hours spent on the business and productivity of hours spent. Together, downline and upline friendships interacted significantly and negatively with training (instrumentality) for 8 of the 12 interaction coefficients estimated, and 1 of the remaining coefficients was marginally significant. This provides evidence that the conflict between friendship and instrumentality negatively affects business outcomes. Notably, of the 4 nonsignificant or marginally significant coefficients, 3 were predictors of productivity rather than hours worked. This implies that a conflict between friendship and instrumentality may affect commitment more than productivity, which is a potential topic for further research.

This study also tested whether the conflict between friendship and instrumentality is more influential for relationships that began as friendships than for those that began as business relationships. These results were not as robust as for the other tests. One coefficient was statistically significant and another was marginally significant. Nonetheless, both coefficients were negative, offering tentative support for the idea that friendships are more sensitive to the conflict than are business relationships.

To measure each of the two kinds of friendships (those between agents and their upline sponsors and those between agents and supervisees in their downline), I used two approaches. As discussed previously, using different measures for different relationships increases the likelihood of producing different results, and to the extent that the results are similar, the test of replication is particularly robust. As Table 2 shows, each of the two measures interacted negatively with training (instrumentality) as a predictor of four of the six possible dependent variables. For three of these four coefficients (the predictors of hours spent on recruiting, hours spent on network management, and average profit earned per month), the significant, negative interaction with upline friendships was replicated by a significant, negative interaction with downline friendships. From this perspective, the test of replication was relatively successful.

However, the differences between the two types of friendships are worthy of additional consideration. For example, for downline relationships, a main effect for friendship was evident even after the interaction between

FIGURE 1
Hours Spent on Recruiting per Month: Significant Interaction Effects



friendship and instrumentality was controlled for. In contrast, with upline relationships, the introduction of instrumentality appears to erase completely the positive effects of friendship in this sample (as suggested by the lack of a main effect for friendship and the pattern of effects in Figure 1, Panel B). Although one explanation for this difference is the dissimilar measures used (e.g., one measure could be more sensitive than the other), another explanation is that supervisees are more negatively affected than supervisors by a conflict between friendship and instrumentality. In light of research indicating that those in power are more able to define the terms of social interaction (Schmidt 2000), it seems reasonable that the (more powerful) supervisors would be less affected by a conflict between friendship and instrumentality because, for example, they are able to impose a balance between the two roles that makes them more comfortable.

However, the study results do not entirely suggest that the conflict is worse for supervisees. For the three replicated interactions between friendship and training (instrumentality), the negative standardized regression coefficients are larger for downline friendships (–.18, –.43, and –.32) than for upline friendships (–.10, –.15, and –.09). Different measures could again explain these differences, but they alternatively suggest that supervisors are more negatively affected than supervisees by a conflict between friendship and instrumentality. Although supervisors are more organizationally powerful than supervisees, research on workplace romances (Powell 2001) demonstrates that social relationships at work can create mutual dependences that increase power for the person who is lower on the organizational hierarchy. Thus, both supervisors and supervisees can opportunistically exploit a workplace relationship (Foley and Powell 1999). As a result, supervisors may be more affected by the conflict between friendship and instrumentality because it threatens their organizationally determined power. The question whether supervisees or supervisors are more affected by a conflict between friendship and instrumentality deserves further attention.

As with Price and Arnould (1999), this article focuses on role conflict in relation to one dimension of friendship: the expectation for an exclusively intrinsic orientation. However, the business role could conflict with other important dimensions. For example, friendships are expected to involve intimate self-disclosure, whereas exchange partners in business often gain important advantages by maintaining information asymmetries (Desiraju and Moorthy 1997). As another example, friendships are expected to have a communal orientation, but business relationships often have an "exchange orientation" (Murstein, Cerreto, and Mac Donald 1977, p. 544), in which partners believe that they should exchange an equivalent amount of resources. Instrumentality may be more central to the business role than these other dimensions, but this is an empirical question whose answer could shed useful light on both the nature of the business role and its likelihood of conflicting with the friendship role.

Finally, this study used a proxy for instrumentality (hours of training) and modeled the conflict between friendship and instrumentality as an interaction term. It did not explicitly measure the proposed mediating construct (weakened role commitment due to role conflict), and thus further research is needed to test these hypothesized effects more explicitly.

Managerial Implications

Network marketing companies are not the only organizations whose tactics can foster a combination of friendship and instrumentality. Employees in other sectors are also encouraged to "treat customers like best friends" (Geller 2006, p. 22) or to "make a friend—not a transaction" (Tan and Steinberg 2007, p. B6). Furthermore, across a range of industries, companies frequently try to capitalize on social relationships to achieve commercial aims. Some encourage their salespeople to use their friends and family networks to generate new business leads (*Broker* 2005; Huisken 2005; Meagher 2006), and others, including companies as large as Sony, Gap, and Citibank, offer customers financial incentives for referring friends and family (Bulik 2006; Mitchell 2003; Wells 2004). Many firms also attempt to benefit by fostering word-of-mouth recommendations among friends (Hughes 2005; McConnell and Huba 2007; Sernovitz 2006). To manage word of mouth in the Internet age, marketers are experimenting with ways to capitalize on the recent growth of Web sites such as MySpace.com and Facebook.com, which facilitate online friendship networks (Maughan 2007). Similarly, some companies are fostering word-of-mouth referrals by encouraging customers to mine their e-mail lists, an approach that has spawned 2005's fastest-growing category of the online advertising business (Bulik 2006).

As emphasized previously, this article's findings about the conflict between friendship and instrumentality should not lead to the conclusion that efforts to capitalize on friendship are always ill-advised (particularly because evidence suggests that they can enhance sales and profitability; see Harris 2004; Meagher 2006; Tschorn 2003). Instead, this study adds to growing evidence (e.g., Price and Arnould 1999) that if customers view these tactics as creating a conflict between friendship and instrumentality, companies may weather costs in addition to benefits. For this study's sample, these costs included agents who spent less time working and whose time was less productive. More generally, the findings reported in this study indicate that incentivizing customers to refer their friends may attract new business but may also dampen future customer commitment and negatively affect customers' relationships with members of their social network. In summary, the role of friendship appears to be more complex than merely helping or hurting business. Depending on how it is managed, it may simultaneously facilitate and hinder exchange.

There are at least two tactics that companies use to manage the perceived conflict and thus reduce the potential costs. On the one hand, companies that want to strengthen existing business relationships can do so without invoking friendship norms—that is, by fostering some, but not all, of the relational attributes that define friendship. In the words of one manager, good business relationships should exhibit trust and mutual respect, but "this doesn't mean we have to always be best friends" (Sedam 2006, p. 30). On the other hand, companies that want to introduce instrumentality into friendships can draw attention away from the extrinsic benefits that exchange partners are getting. For example, many network marketing companies reframe instrumental activities as being primarily intrinsically motivated. As Biggart (1989, p. 116) reports, Mary Kay consultants assert that they do not sell cosmetics (they "teach skin care"), and A.L. Williams agents say that they do not sell insurance (they "win another battle against the whole life insurance industry"). Network marketing manuals also frequently reframe selling as "sharing" good products and ideas with friends (Carmichael 1993, p. 13; Clothier 1994, pp. 111–12; Poe 1995, pp. 124–25).

For a similar example, consider Procter & Gamble's (P&G's) Tremor and Vocalpoint programs, which recruit influential teens and mothers to promote products to their friends in return for coupons, free gifts, and preferential treatment from retailers (Neff 2006). The potential conflict created by these extrinsic rewards is not lost on participants, who sometimes feel awkward playing a sales role with friends (Wells 2004). To minimize these perceived conflicts, program members are not paid money for their participation, a reduction in instrumentality that managers view as being essential to the program's success (Wasserman 2005). In addition, as with network marketing companies, P&G deemphasizes instrumental benefits by describing its programs as a way to expose interested consumers to new ideas (Singh 2002) and encourage them to "share" these ideas with their friends (Wasserman 2005).

Some may view these reframing tactics as a cynical or deceptive attempt to mask instrumentality (Neff 2006), but this is not necessarily so. Given the authentic zeal demonstrated by network marketing agents (Biggart 1989) and the legitimate consumer enthusiasm expressed for programs, such as P&G's (Wells 2004), company emphasis on intrinsic benefits often may reflect an underlying truth. Ultimately, whether friendship and business conflict in a relationship depends in great part on how the individual exchange partners decide to define the terms of exchange (Deighton and Grayson 1995). However, broader social norms also play a role. In the United States, these norms include proscriptions against the misuse of social relationships for commercial gain, which places limits on how much a company can recast its instrumental intentions. For example, the Federal Trade Commission (along with professional associations, such as the Better Business Bureau and the Word of Mouth Marketing Association) advises that people who earn instrumental benefits as a result of endorsing a product within their social network must disclose their relationship with the company when they endorse the product (Neff 2006). Thus, managers who implement tactics that commingle friendship and business must be sensitive not only to the potentially damaging relational conflicts that can ensue but also to the ethical and regulatory concerns that minimizing these conflicts can sometimes introduce.

Appendix A
Key Study Measures

The wording for many of the subsequent items differed marginally from company to company, depending on, for example, how the company refers to its sales agents, sponsors, downline, and so on. For all questions, an option was available for respondents to indicate "don't know/not applicable." Instances in which respondents used this response option represent less than one 1% of total responses, and these missing data were replaced with the mean sample response for that item.

Friendship with Upline Sponsor

- *Introduction*: Consider the person in your upline with whom you have had the most contact as an agent, and whom you consider to be your key upline contact. We will refer to this person as your "sponsor." This may be the person who introduced you to [company name] but not necessarily.
- *Intimacy (Frenzen and Davis 1990)*: Suppose you were facing a difficult PERSONAL problem. How likely is it that you would discuss this problem with your sponsor? Seven-point scale (1 = "would definitely NOT mention it," 4 = "might mention it, might not," and 7 = "would definitely mention it").
- *Voluntary social interaction (Frenzen and Davis 1990)*: How likely is it that you would spend a free afternoon with your sponsor? Seven-point scale (1 = "would definitely NOT spend a free afternoon," 4 = "might spend a free afternoon, might not," and 7 = "would definitely spend a free afternoon").
- *Communal/exchange orientation (new measure)*: How much of an obligation do you feel to your key upline contact to have a successful business? Seven-point scale (1 = "no obligation at all," 4 = "a moderate obligation," and 7 = "a very strong obligation").
- *Intrinsic orientation*: My sponsor truly cares about me and not just my business. Seven-point scale (1 = "strongly DISagree," 4 = "neither agree nor disagree," and 7 = "strongly agree").

Friendship with Direct and Indirect Downline (McCallister and Fischer 1978)

- Sometimes the people we work with are friends rather than just business associates. At this point in time, how many (if any) people in your direct downline would you consider to be friends?
- Sometimes the people we work with are friends rather than just business associates. At this point in time, how many (if any) people in your indirect downline would you consider to be friends?

Preexisting Relationship (New Scale Item)

- How would you describe your relationship with your sponsor before you began using [company name] products or working as an agent? Seven-point scale (1 = "did not know him/her at all," 4 = "he/she was an acquaintance," and 7 = "he/she was a close friend").

Instrumentality/Amount of Training (New Scale Items)

- On average, how many hours of ONE-ON-ONE training do you currently receive PER MONTH from your sponsor?

- On average, how many hours of ONE-ON-ONE training do you currently receive PER MONTH from people who are NOT your sponsor?
- Approximately how many hours of GROUP TRAINING SESSIONS do you attend per year?

Business Outcomes (New Scale Items)

Introduction. Your business is likely to involve at least one of the following activities: retail selling, which is personally selling products to someone who is going to use them; recruitment, which is personally telling others about the business for the purpose of encouraging them to become part of your downline; and network management, which is educating, training, and motivating individuals in your downline and helping them to do their activities better. People spend their time in different ways. Please answer the following questions about your business activities. If none, please write "0" in the box.

- About how many hours per month do you spend on RECRUITMENT AND RETAIL SELLING?
- About how many hours per month do you spend on NETWORK MANAGEMENT?
- You indicated above that you spend a certain amount of hours per month on recruitment and retail selling put together. Selling and recruitment are often accomplished at the same time, but please use your best judgment to estimate approximately what percent of this time is spent on retail selling only. Approximately what percent of this time is spent on recruitment only? (Note these two numbers should add up to 100%.)
- On average, how many new agents do you PERSONALLY RECRUIT AND SIGN UP in SIX months' time?
- On average, what is the total wholesale value of products that you PERSONALLY SELL to retail customers per month?
- On average, how much profit do you personally GROSS per month from your business (including profit from retail sales)?

Perceived Value of the Company and Its Products (Items Developed by Survey Sponsors)

- Generally speaking, the executives at [company name] really understand MY NEEDS and those of MY FELLOW AGENTS. Five-point scale (1 = "strongly DISagree," 3 = "neither agree nor disagree," and 5 = "strongly agree").
- Generally speaking, the executives at [company name] really understand MY NEEDS OF RETAIL CUSTOMERS. Five-point scale (1 = "strongly DISagree," 3 = "neither agree nor disagree," and 5 = "strongly agree").
- [Company name]'s product QUALITY is very good. Five-point scale (1 = "strongly DISagree," 3 = "neither agree nor disagree," and 5 = "strongly agree").
- [Company name]'s product RANGE is too narrow. Five-point scale (1 = "strongly DISagree," 3 = "neither agree nor disagree," and 5 = "strongly agree"). (Reverse scaled)
- [Company name]'s PACKAGING is very effective. Five-point scale (1 = "strongly DISagree," 3 = "neither agree nor disagree," and 5 = "strongly agree").
- [Company name]'s PRODUCT BROCHURES are very effective. Five-point scale (1 = "strongly DISagree," 3 = "neither agree nor disagree," and 5 = "strongly agree").

Appendix B
Common Method Variance Tests and Adjustments

To test for common method variance, a scale from the survey was selected that is theoretically unrelated to at least one scale used in the analysis and therefore served as an "MV marker" (a proxy for method variance) (Lindell and Whitney 2001). This MV marker was a three-item scale that asked respondents to report their success with traditional advertising (e.g., newspaper advertising, leaflets, direct mail; Cronbach's $\alpha = .80$). The lowest positive correlation ($r = .01$; see Table 1) between this scale and one of the criterion variables (friendship with upline sponsor) was selected as the best estimate of MV (Lindell and Whitney 2001, p. 118), and the correlations among study constructs were adjusted as follows:

$$r_{ijm} = \frac{(r_{ij} - r_m)}{(1 - r_m)},$$

where r_{ij} is the correlation between constructs i and j and r_m is the MV adjustment. Table 1 reports results in a manner similar to Agustin and Singh (2005). The statistical significance of the adjusted correlations was determined as (Lindell and Whitney 2001)

$$t_{\alpha/2, N-3} = \frac{r_{ijm}}{\sqrt{(1 - r_{ijm}^2)/(N - 3)}}.$$

A comparison of the correlations above and below the diagonal in Table 1 shows that only 2 of the 40 significant correlations become nonsignificant after adjustment. These diagnostics suggest that common method variance is unlikely to be affecting a large majority of the results. However, because they also imply that a small minority of relevant study correlations may be influenced by common method variance, the MV proxy was included as a control measure in the regression analysis to minimize method bias concerns further.

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