
A SECOND-ORDER CYBERNETIC EXPLANATION FOR NETWORK DIRECT SELLING ORGANISATIONS AS SELF-CREATING SYSTEMS

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ABSTRACT

Network direct selling organisations (NDSOs), for example GNLD and Avroy Shlain, exist in more than 70 countries and have more than 88 million members, who produce a global turnover of billions of US dollars annually. The most recent statistical information reveals that the vast majority of members do not earn significant income. Criticism of these organisations revolves around the ethicality of consumption, the commercialisation of personal relationships, and the exploitation of unrealistic expectations. This article summarises the theoretical developments in the study that informed it, and is based, in essence, on second-order cybernetics as a methodology as well as a development in theory. It aims to show how communication creates networks that sustain an industry of this kind despite the improbability of its existence. The article concludes that individuals are composite unities of self-creating systems, and they co-create social systems by self-creating and co-creating meaning. Meaning is described as the continuous virtualisation and actualisation of potentialities that in turn coordinate individual and social systems' actions. A communication process flow model is created and applied to provide a theoretical explanation for the existence of NDSOs as self-creating systems.

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INTRODUCTION

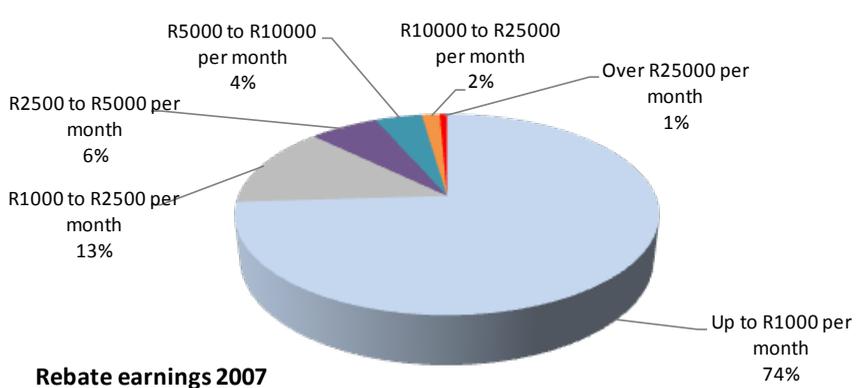
Network direct selling organisations (NDSOs) have become a significant social phenomenon and hence the subject of many scholarly inquiries, as Parkhe, Wasserman and Ralston (2006: 560) state: “The ubiquity of networks, and networking, at the industry, firm, group, and individual levels has attracted significant research attention.” NDSOs are distinguished from other forms of direct selling in that the emphasis in network direct selling is placed on the recruitment of distributors to consume and sell the products (Lan 2002: 166). Examples are organisations such as GNLD (Golden Products) and Avroy Shlain Cosmetics.

The international sales statistics presented by the World Federation of Direct Selling Associations (WFDSA), of which most direct selling organisations are members, present figures for all direct selling organisations, and they reveal that most members operate through multi-level marketing that makes the recruitment of other members imperative, as opposed to single-level marketing where recruitment is not a prerequisite (WFDSA 2011).

The research question this study aimed to answer was how NDSOs manage to sustain themselves and show significant growth despite the evidence, such as that presented in Figure 1 (for South Africa specifically), that the vast majority of their members do not earn significant income through their membership. While detailed statistics relating to the global income distribution among members of NDSOs are not readily available, the criticism of these organisations suggests that the income distribution for South Africa represents a global pattern.

In general, criticism aimed at NDSOs revolves around the ethics of commercialising personal relations, the low earnings of distributors, and the general impact on members’ and their acquaintances’ social lives (which revolve around meetings, tea parties, conventions, and other occasions organised under the NDSO banner). Other studies express concern about the high sales force turnover in direct selling. Statistical analysis suggests that NDSOs cultivate consumers rather than create income-earning possibilities for their members (Davis 2011). Socialisation is central to NDSO operations, but has a different dimension to socialisation in more typical organisation types. The social dimension of NDSOs also appears to create networks that differ significantly from the networks described in the existing literature on network theory and analysis. The study is of particular significance for communication scholars, since the explanation for the existence and growth of NDSOs transcends socio-cultural and even socio-economic boundaries as it isolates communication itself as the fundamental unit of analysis in social studies.

FIGURE 1: REBATE EARNINGS IN NSDOs IN SOUTH AFRICA IN 2007



(DSASA 2009, in Davis 2011)

The communication process flow model presented in this article aims to show *how* NDSOs are created through communication, based on the theorising of Niklas Luhmann, whose work has not yet received significant attention within communication theory as a field. The discussion commences with a clear definition and description of direct selling and NDSOs.

DEFINITION AND DESCRIPTION OF DIRECT SELLING

According to Peterson and Wotruba (1996: 2), a definition of direct selling that is sufficiently precise to enable meaningful communication yet broad enough to be helpful in terms of both research and practice is required. They add that many definitions are so broad that they fail to differentiate direct selling from other forms of marketing, and they also acknowledge that the term “direct selling” is typically associated with selling to ultimate consumers. Bauer and Miglautsch (1992: 14) also note that direct selling is often confused with direct marketing because of the word “direct”. More recent definitions have not been found in existing academic publications.

The Direct Selling Association of South Africa (DSASA 2010) defines direct selling as “the sale of consumer product or service, person-to-person, away from a fixed retail location”. Although this is not a novel or unique definition, it differentiates direct selling from other forms of marketing methods.

Baker (1984), and Hart and Stapelton (1992) distinguish direct selling by its lack of middlemen, identifying it as a form of selling without retail outlets, distributors or wholesalers. In other words, products and services are marketed to customers by independent salespeople. The term “distributors” may be confusing, though,

since such salespeople are also referred to as “independent sales distributors, representatives, consultants, or various other titles” (DSASA 2010).

Bauer and Miglautsch (1992: 14) explain that “most direct selling firms usually do not sell directly to consumers and they usually do not know who their end consumers are – nor can they track responses of consumers”. The Direct Selling Education Foundation (DSEF) proposed a similar definition: “A method of distribution of consumer goods and services through personal (seller to buyer) contact away from fixed business locations, primarily in a home” (DSEF 2010). This adds emphasis to the consumer market focus of direct selling and describes it as a distribution method. For the purposes of the theoretical discussion in this article, direct selling is defined as follows:

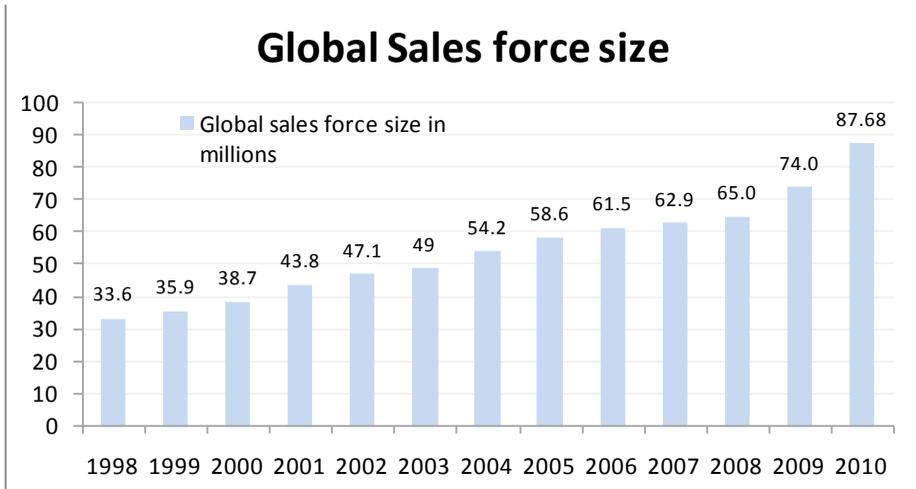
Direct selling is an economic and social activity that aims to establish relationships among individuals through communication activities for the purpose of establishing markets for the selling of products and the human actions that arise out of this provide evidence that persuasion has occurred (Davis 2011: 63).

Direct selling occurs predominantly through NDSOs that are members of the World Federation of Direct Selling Organisations (WFDSA), which publishes global statistics on this industry annually, as demonstrated in the figures below.

GLOBAL STATISTICS

The growth of the global direct selling sales force over the past ten years can be attributed to several factors. Figure 2 provides an immediate impression.

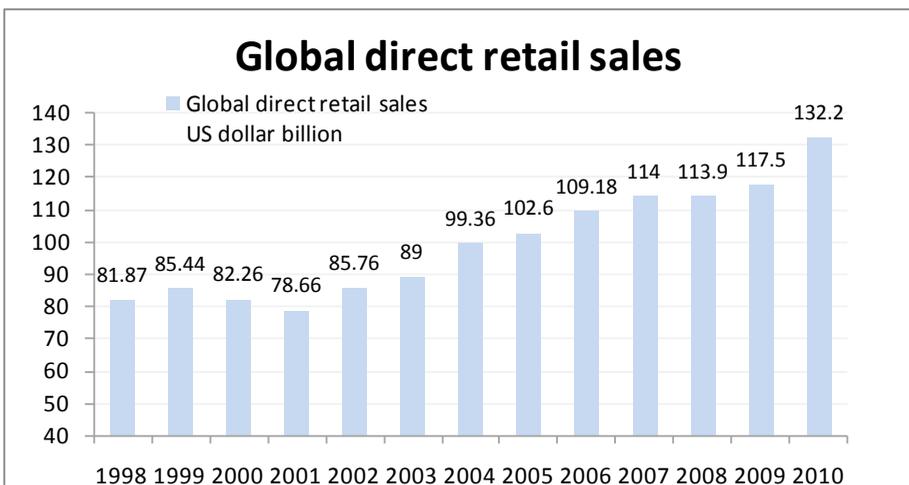
FIGURE 2: GROWTH IN GLOBAL DIRECT SELLING SALES FORCE



(WFDSA 2011)

Over the past ten years the global sales force has increased by approximately 127 percent from 38.7 million to 87.7 million. It is interesting to note that the global sales force increased by 9 million between 2008 and 2009, and a staggering 13.68 million between 2009 and 2010. This may be attributed to the fall-out of the global credit crisis in 2008. The growth in global direct retail sales is presented in Figure 3.

FIGURE 3: GROWTH IN GLOBAL DIRECT RETAIL SALES



(WFDSA 2011)

Despite the approximately 127 percent global increase in the number of independent sales distributors over the past ten years, global sales increased by approximately 61 percent over the same period, from approximately \$82.3 billion to \$132.2 billion (WFDSA 2011). A simple calculation would suggest that the global retail sales per person would be approximately \$126 per person in 2010, which provides further evidence that the average member of an NDSO could not possibly earn significant income through membership.

A theoretical explanation for a global industry such as this necessitates a meta-theoretical perspective and interdisciplinary application. Cybernetics provides such a framework and the discussion in this article focuses on second-order cybernetics, which has not yet been discussed within communication theory as a field.

SECOND-ORDER CYBERNETICS

According to Geyer (1995: 12) the clear articulation of second-order cybernetics occurred only in 1970, when Von Foerster coined the term in his distinction between first-order cybernetics as the cybernetics of observed systems and second-order cybernetics as the cybernetics of observing systems. Aguado (2009: 59) claims that one of the milestones of second-order cybernetics is the distinction between two coexisting epistemological traditions in Western thought, which are:

... on the one side, the tradition that radically separates scientific knowledge from general knowledge via the incommensurability of the subject and the object of knowledge and, on the other side, the tradition that correlates scientific knowledge to general – and, hence, to ordinary pragmatic – knowledge in terms of a complementary emergence of subject and object interaction (Aguado 2009: 50).

Geyer (1995: 12) provides further clarification when he shows that the explicit inclusion of the observer in the system(s) studied from a second-order cybernetics perspective clearly places the emphasis on the study of living systems, while illuminating the biological basis of this approach. Umpleby (1994: 2) shows, however, that the roots of second-order cybernetics were already present when the field of cybernetics was founded in the 1940s. He shows that second-order cybernetics has led to important theoretical understandings that have been of particular interest to studies relating to the nature of knowledge, cognition and understanding per se, as he states: “The ‘second order cyberneticians’ claimed that knowledge is a biological phenomenon (Maturana 1970), that each individual constructs his or her own ‘reality’ (Von Foerster 1973) and that knowledge ‘fits’ but does not ‘match’ the world of experience (Von Glasersfeld 1987).”

Table 1 summarises the key differences between first-order and second-order cybernetics. While this table appears relatively simple, it has far-reaching implications for the study of communication, organising and organisations. By implication, individuals are observing meta-systems in themselves. In other words, individuals are self-creating systems. This means that individuals are composite unities of self-creating biological, cognitive, and even social systems. It also means that the sub-systems that exist within these (at least) three major systems all in turn consist of various sub-systems that themselves consist of various sub-systems. For example, the body as a biological system consists of various sub-systems, such as the cardiovascular, respiratory, digestive, nervous, and neurological system, among several other biological systems.

TABLE 1: DEFINITIONS OF FIRST- AND SECOND-ORDER CYBERNETICS

AUTHOR	FIRST-ORDER CYBERNETICS	SECOND-ORDER CYBERNETICS
Von Foerster (1970)	The cybernetics of observed systems	The cybernetics of observing systems
Pask (1973)	The purpose of a model	The purpose of a modeller
Varela (1980)	Controlled systems	Autonomous systems
Umpleby (1994)	Interaction among the variables in a system	Interaction between observer and observed
Umpleby (2005)	Theories of social systems	Theories of the interaction between ideas and society

(Adapted from Umpleby 2005)

It is evident that the self-creating properties of social systems such as organisations have (to some extent) become more evident in contemporary studies because of the shift towards second-order cybernetics and autopoiesis. This shift can be seen as an accumulation of consciousness that became established through the developments in first-order cybernetics, complexity, as well as second-order cybernetics within the cybernetic metaperspective as a transdisciplinary collaboration among scientists in almost every field of study, as the discussion until now has aimed to show.

While the cooperative and accumulative development in systems thinking is noted, Mingers (1997: 304) argues that second-order cybernetics and social autopoiesis have been some of the most significant developments in systems theories since the early days of general systems theory (GST), as he states:

Autopoiesis, in fact, has a foot in both camps. It is in the tradition of GST: a systems theory generated in the domain of biology that may be applied in other disciplines such as social theory; but also it is a theory of the observer that emphasizes the interpreted and constructed nature of social reality (Mingers 1997: 304).

It follows from second-order cybernetics that the observer cannot be separated from the observation and hence that the individual, as a composite unity of biological, cognitive and/or psychic systems, cannot be distinguished or separated from any observation. The implications of this view for the study of NDSOs in particular is that an understanding of human behaviour ultimately depends on understanding the *individual* as a meta-system that consists of and is driven by various complex systems that propel the self-creation of the individual's autopoietic systems. Individuals create social systems such as NDSOs and hence Luhmann's theorising about social autopoiesis is introduced and applied from a cybernetic meta-theoretical perspective to present a theoretical explanation for the existence of NDSOs as self-creating systems.

Social autopoiesis

Luhmann (1986: 172) argues that the term autopoiesis has been invented to define life, and that its extension to other fields has been undertaken unsuccessfully and on the wrong premises. The discussion that follows aims to illuminate the aspects and dimensions of Luhmann's views that provide a direct link between cybernetics and communication theory as a field.

Luhmann (1986: 172) further argues that living systems are a particular type of system and that limiting autopoietic theory to life as a mode of self-production or self-reproduction means that the theory does not attain the level of general systems theory, which enables the study of most systems, such as machines, psychic systems, or social systems. He goes on to say:

However, if we abstract from life and define autopoiesis as a general form of system-building using self-referential closure, we would have to admit that there are non-living autopoietic systems, different modes of autopoietic reproduction, and general principles of autopoietic organization which materialize as life, but also other modes of circularity and self-reproduction (Luhmann 1986: 172).

In pursuit of this objective Luhmann (1986) follows a multilevel approach to establish a general theory of self-referential autopoietic systems, and aims to provide a more concrete level at which living systems (cells, brains, organisms, and so forth) can be distinguished.

Luhmann (1986: 174) argues that the self-reference of autopoietic systems applies to the production of other components as well: “Even elements, that is last components (individuals), which are, at least for the system itself, undecomposable, are produced by the system itself. This applies to elements, processes, boundaries and other structures, and last but not least to the unity of the system itself.” He identifies communications as the basic elements of the social system, and says that:

[s]ocial systems use communication as their particular mode of autopoietic reproduction. Their elements are communications which are recursively produced and reproduced by a network of communications and which cannot exist outside such a network. Communications are not ‘living’ units, they are not ‘conscious’ units, they are not ‘actions’ (Luhmann 1986:174).

Luhmann (1986; 1995; 2002) proposes a “new” social theory of communication, and re-defines communication as the unity of the synthesis of information, utterance and understanding.

Communication (information, utterance, understanding)

According to Luhmann (1986: 174-175) the unity of communications requires the synthesis of three selections, namely 1) information; 2) utterance; and 3) understanding (including misunderstanding), which is produced by a network of communication and not by the inherent quality of information or by language, as he states that

[t]he synthesis of information, utterance and understanding cannot be preprogrammed by language. It has to be recreated from situation to situation by referring to previous communications and to possibilities of future communications which are to be restricted by the actual event. This operation requires self-reference. It can in no way use the environment. Information, utterances and understandings are aspects which for the system cannot exist independently of the system; they are co-created within the process of communication ... The communicative synthesis of information, utterance and understanding is possible only as an elementary unit of an on-going social system (Luhmann 1986: 174-175).

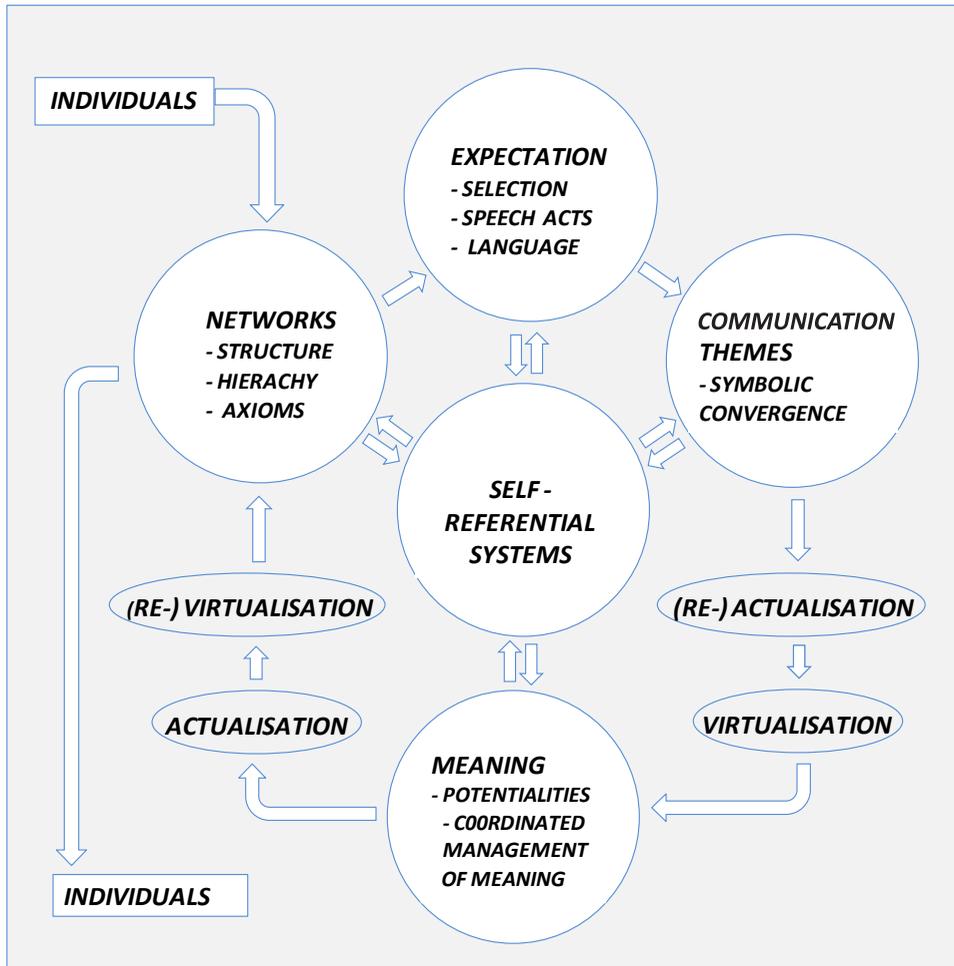
Luhmann (1986: 175) reiterates that the elementary, decomposable units of the social system are communications of minimal size, and that this minimal size cannot be determined independent of the system. He goes on to say that, “communication

includes understanding as a necessary part of the unity of its operation. It does not include the acceptance of its content” (Luhmann 1986:176). However, as the theoretical explanation for the existence of NDSOs as self-creating systems aims to show, the understandings of individuals, whether these are shared or accepted or not, coordinates individuals’ actions through the creation of networks that create expectations, that lead to the creation of communication themes that create meaning(s), that proceed to create new networks. The identification of self-referential systems that are created within and among individuals in NDSOs provides further insight into the centrality of self-reference within the second-order cybernetic perspective.

A COMMUNICATION PROCESS FLOW MODEL FOR NDSOs

A communication process flow model created for the purpose of presenting a second-order cybernetic explanation for the existence of NDSOs is presented in Figure 4. The key concepts in this model are discussed in the sections that follow.

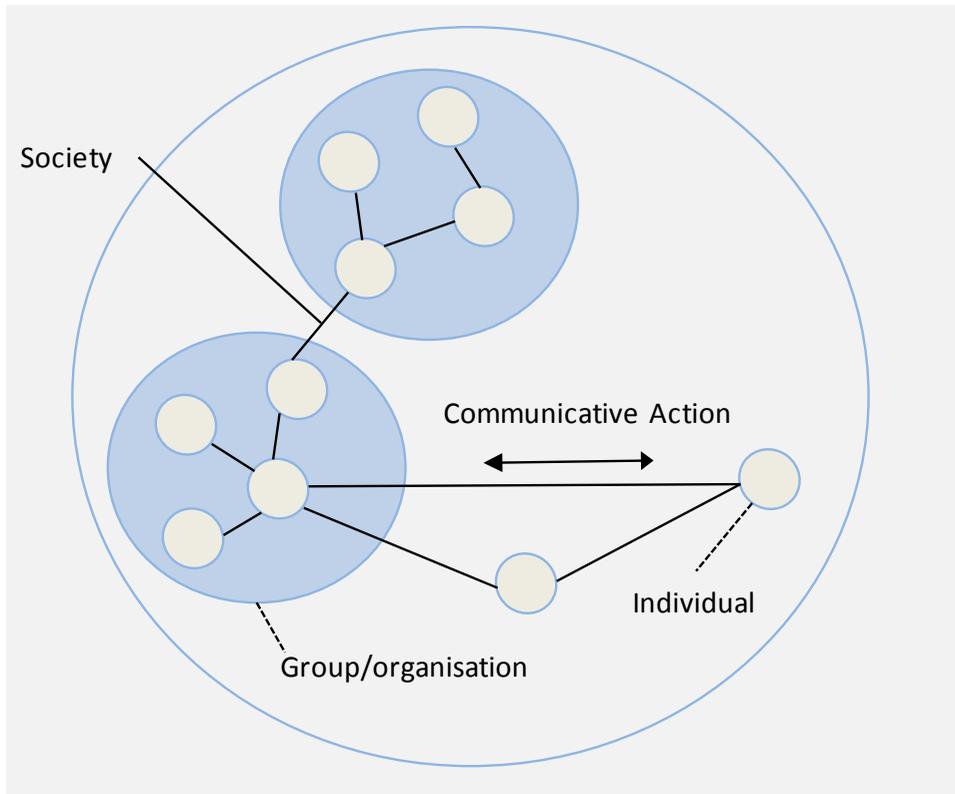
FIGURE 4: A COMMUNICATION PROCESS FLOW MODEL FOR NDSOs



Networks

Within a network theory perspective, Van Dijk (2001) developed a conceptual model of a network society that mirrors and enhances the marketing models used by NDSOs, as illustrated in Figure 5. The basic structural idea of network theory is connectedness, that is, the idea that there are relatively stable pathways of communication among individuals in NDSOs. Individuals who communicate with one another are linked together into groups that are in turn linked together into overall networks.

FIGURE 5: NETWORKS CONNECTING INDIVIDUALS, GROUPS, ORGANISATIONS AND SOCIETIES



(Van Dijk 2001)

Every person has a unique set of connections with others in the organisation, in other words, “personal networks”. Individuals tend to communicate more frequently with certain other organisational members, and form “group networks”. In NDSOs individuals consciously and purposefully create new networks that overlap with other personal networks, such as friends and family, or other business networks, such as co-employees at their other, mostly full-time, places of employment. NDSOs typically consist of many smaller groups linked to larger groups in organisational networks.

Some of the implications of a second-order cybernetic perspective for the creation of networks through communication are summarised Table 2:

TABLE 2: NETWORK AXIOMS

Networks increase the self-creating capacities of system units in relationship to their environment by interaction, variation and selection
Networks increase interactions within and between system units
Networks increase chances of variation within and between system units
Networks increase options for selections by system units

(Davis 2011: 271)

It has been observed through experience with NDSOs that new members of NDSOs are instructed to compile a list of everybody they know and told that these acquaintances are potential clients, either for the selling of products or for the recruitment of new members. New members are therefore implored to increase their interactions and to create networks by doing so. As is also shown in the discussion below on the meaning that is created in NDSOs, this action interacts with other actions, since the unity of the selections of information, utterance and understanding is completed within the individual, and therefore other individuals' actions often complete this synthesis, even in the absence of verbal communication. Luhmann (1995: 168) supports this claim: "Only actions and not fully communicative events serve as connective points." Therefore the increased connectivity that occurs through networks in NDSOs bring about increased observation of other individuals' actions that create communication within individuals as composite unities of mental (psychic) and biological systems in the process of co-creating social systems.

From the understanding that communication is the elementary process that creates social and psychic systems, the term *variation* necessarily refers to the variation of *meaning* in this discussion. Meaning relates to the third selection within the unity of the synthesis of communication, namely *understanding*. It has also been explicated that meaning and understanding, and in fact communication itself, are completely self-referential. In terms of Luhmann's theorising about communication, meaning can be defined as "the continual virtualisation and actualisation, and re-virtualisation and re-actualisation, of potentialities" (Luhmann 1995). It is therefore clear that networks increase the potential meanings that members of NDSOs create between and among themselves, and also between and among themselves and members of other social systems they co-create. Based on Luhmann's theorising, the unit of operation of the social system is the interactive construction of meaning (Leydesdorff 2000: 274) and it is therefore apparent that networks increase the potential meanings that can be created within the various operationally closed social and psychic systems that are

linked to NDSOs. By increasing the potential variations, networks also increase the options for *selections* by system units.

Members of NDSOs sensitise themselves to other categories of information and utterance that create different hierarchies of contexts. It can therefore be seen that the increased interaction that creates increased variation also increases the options for selections, which means that different communication syntheses are created, particularly because of people's involvement with NDSOs. In doing so, they do the same with all other communication syntheses to greater or lesser degrees. In their selection (to become members of an NDSO) individuals create and perpetuate networks. They therefore also select meaning through the continuous unity of communication synthesis they create. According to Luhmann (1995) structures create expectations (Luhmann 1995), as is shown with specific application to NDSOs in the next section.

Expectations in NDSOs

Individuals become members of NDSOs because of certain expectations. The primary expectation attributed to individuals' initial commitment to NDSOs is material gain, even though it has been shown that this expectation is not met for the vast majority of members. Expectations are multiple and can be related or linked to multiple social and psychic system operations, as Table 3 below aims to show:

TABLE 3: EXPECTATIONS RELATED TO NDSOs

Expectations related to network direct selling organisations	
Individual expectations	Material gain (financial relief, independence) Personal gain (self-actualisation, self-esteem, self-determination, etc.) Social gain (acceptance, affiliation, recognition, responsibility, etc.)
NDSO group expectations	Material gain (group achievements) Personal gain (group status, recognition, cohesion, purposiveness) Social gain (group recognition, acknowledgment, validation)
NDSO organisational expectations	Material gain (organisational growth, profit and market share) Social gain (social responsibility, organisation's image)
Other social systems' expectations (determined by various social systems such as cultural, socio-economic, legal, and so forth)	Cognitive vs. normative expectations Product-related (price, quality, and so forth) Sales-related (service, attention, communication, etc.) Preference (supportive or non-supportive)

(Davis 2011)

If one accepts that networks are structures, it can be argued that structures themselves create expectations, as Luhmann (1995: 288-289) states: "Expectations are the autopoietic requirement for the reproduction of actions, and to this extent they are structures. Structures of expectation are basically the condition of possibility for connective action and thus the condition of possibility for self-reproduction through their own arrangement."

It is therefore argued that individuals' expectations drive their actions, and in NDSOs members are driven by their expectations of success, which is defined and determined by every individual's operationally closed self-referential psychic and/or social systems. Luhmann (1995: 293) offers further explanation: "The formation of expectations equalizes a multiplicity of highly heterogeneous occurrences under the common denominator of disappointing an expectation and thereby indicates lines of action." If, in other words, the individual has the expectation of earning money from network direct selling, her or his actions will

be directed towards avoiding disappointment within her/himself, or the related social system. At the same time, individuals' actions (attending or participating in meetings, for example) represent shared expectations among members of NDSOs that are reinforced by the increase in membership observed by prospective or existing members of NDSOs.

It is clear from Table 3 that expectations are mixed and that individuals' behaviour or actions may be too complex to offer direct causal explanations. However, it is argued here that expectations are also created through communication, and that communication is a process steered by themes. Luhmann (1995: 292) provides the link between expectations and communication themes as follows:

Expectations come into being by constraining ranges of possibilities. Finally, they are this constraint itself. What is left is then just what is expected; it benefits from the condensation. Perceptible constellations of things make that readily plausible, but the communication process, by choosing a theme and contributions to it, promptly excludes a lot and thereby grounds expectations (even if there are no prospects or nothing promised) (Luhmann 1995: 292).

Communication themes in NDSOs

Communication themes 1) have factual content; 2) have a temporal aspect; and 3) reach a saturation point. However, certain broad communication themes seem to appear and re-appear almost universally. Such themes are identified within symbolic convergence theory as dramas and motives that become imbedded in fantasy themes and that create rhetorical visions and that can be differentiated further in terms of reality, time and moral dimensions. Luhmann (1995: 150-151) refers to sincerity and insincerity as a theme within what he refers to as the paradox of communication. Individuals' conscious or unconscious perception of sincerity or insincerity may be influenced by their perception of speech acts that represent communicators' intentions and relate to individuals' expectations. Table 4 presents a summary of the discussion on communication themes in NDSOs.

TABLE 4: COMMUNICATION THEMES IN NDSOs

Communication themes in network direct selling organisations		
Pragmatic themes (motives for achievement)	Organisational identity/image Individual objectives/goals (potentialities) Individual/group actions Group goals/objectives Benefits/rewards	FACTUAL DIMENSIONS
Social themes (motives for social affiliation)	Identification Relationships Shared consciousness Social benefits (esteem, affiliation, collaboration)	TEMPORAL DIMENSIONS
Righteous themes (motives for mastery)	Success (potentiality) Social differentiation Social responsibility Morality Advocacy	SOCIAL DIMENSIONS

(Davis 2011)

Pragmatic communication themes

Pragmatic themes in NDSOs are typically grounded in the identity and image of the particular organisation that forms the foundations of the training and information they present and distribute to members. From the particular NDSO perspective, the purpose of these communication themes is to promote product advocacy, brand identity and loyalty, and shared purpose. From the individual members' perspectives, the pragmatic communication themes relating to the organisation create information and utterance, which determine the selection of the individual's understanding as it relates to the individual's expectations. The expectations are created in relation to the perceptions of the organisational image and identity, as well as the product information that is co-created by the utterances selected during the interaction between members and other individuals. In GNLD, for example, some of the health products have won international awards. The detailed catalogues containing product information become a pragmatic communication theme through which members confirm and validate their purposes. This communication theme becomes a communication theme in other social systems where converted members consider it to be their moral imperative to promote the consumption of these products for the benefit of all.

Individual objectives and goals become a communication theme within NDSOs in particular, because the individual is presented with the possibility of accomplishing self-actualisation, insofar as such self-actualisation is described as (financial) independence and all it may encompass for different individuals within different social systems. It is typical for group distributors in NDSOs (as was observed in Avroy Shlain Cosmetics) to set specific sales objectives for individual members that are calculated to accomplish a group sales target, which is in turn utilised to obtain an area sales target. The individual, group and area objectives are typical communication themes that are related to the factual, temporal and social dimensions. Current objectives and goals are compared to the logistical information (factual) that is also provided to all members on a frequent basis and that is compared to past and future objectives (temporal) and related to the individuals' and group's accomplishments (social). This pragmatic communication theme creates selections of the third selection in the unity of communication synthesis, namely *understanding*, which may be described by terms such as *responsibility*, *accountability*, *obligation*, or *expectation*.

It follows that the pragmatic theme of goals and achievements steers individuals' interaction in other communicative contexts towards the accomplishment of these goals and objectives by increasing interaction and coordinating actions, which may become evident in their speech acts (also referred to earlier), even if they are not conscious of this. It has to be stated that the most prominent goal presented to members of NDSOs is the recruitment of other members. This goal is emphasised and enforced by prohibiting members from earning the maximum profit from sales unless new members have been recruited, as has been observed in Avroy Shlain Cosmetics, for example.

In a similar way, the group goals and objectives become a pragmatic communication theme. Individuals perceive themselves to be members of a team and a competitive environment is created between and among group members and other groups. It has to be reiterated that because of these groups' social character, other pragmatic goals become integrated with this pragmatic theme. An individual may, for example, decide to demonstrate the application of products by arranging a social event such as a "tea party". Another group member may volunteer to mind this individual's children so that this objective can be accomplished. Similarly, other pragmatic communication themes relating to the accomplishment of group goals and objectives are continually created.

The personal and financial benefits or rewards constitute another pragmatic communication theme within NDSOs. Individuals are generally praised and acknowledged for their accomplishments, which usually occurs during meetings. Members who meet or exceed sales targets are typically singled out for praise, and their accomplishments are used to inspire and motivate other members. Such

members are often requested to share their experiences and strategies with other members to demonstrate the actualisation of the potentialities that other members come to virtualise. As it was observed in Avroy Shlain Cosmetics, for example, individuals who accomplished a set sales target for a given month would receive a reward such as an umbrella or handbag with the company logo. These rewards have symbolic rather than material value, but they become pragmatic communication themes that drive individuals towards the accomplishment of individual and group sales targets (such as acknowledgement, praise, rewards, etc.) and the overall goals and objectives of the organisation.

Social communication themes

One of the primary social communication themes in NDSOs is identification, as Luhmann (2002: 121-122) states: “Obviously there are countless distinctions that can function as the contexts of the formation of identity, among them the ontological distinction between being and nonbeing with which one can generate ‘somethings’”. In the context of this discussion the identification between individuals lies predominantly in individuals being or not being members of NDSOs.

Typical sources of identification can be labelled as material, idealistic, and formal. The material identification between and among members of NDSOs is usually represented in symbolic tokens, such as the organisation’s badges or other accessories that represent membership or levels of accomplishment within the organisation. These tokens can be described as symbolic abbreviations and may lead to symbolic generalisations that can represent an infinite potentiality of meanings, as determined by operationally closed self-referential systems, jointly or respectively.

The idealistic identification between and among members of NDSOs is evident from their mere membership and participation in organisational activities, such as meetings or other gatherings. The formal identification in these organisations can be witnessed in the rituals and ceremonies and titles that are awarded to different levels of hierarchy within these organisations. The aspiration to attain these levels in the hierarchy, which are associated with the different forms of identification, is usually a central social communication theme within NDSOs, as it is aligned with the general purpose of membership.

The relationships between individuals and groups within NDSOs create another significant social communication theme within NDSOs. The earning potential of members is increased by the sales of their recruits and therefore the creation and maintenance of relationships between and among members of NDSOs as well as the relationships between members and their clients are emphasised.

Supporting and developing other members create normative expectations within these organisations – or, in other words, some kind of moral imperative.

The shared consciousness of purpose as it relates to individuals, groups and the organisation is a social communication theme that is usually related to members' actualisation of the potentialities, in other words the accomplishment of organisational, group, or individual (sales) objectives. These accomplishments become sources of virtualisation and re-virtualisation of potentialities for other members.

Social benefits such as esteem, acknowledgment, and self-worth create a social communication theme that drives members of NDSOs in general. Whereas a person may be a receptionist or assistant in his or her formal occupation, he or she gains titles such as “ruby director” or “group distributor”, which is usually represented by a symbolic token, as referred to earlier. The majority of members in NDSOs participate in direct selling on a part-time basis. It has also been noted that members usually involve most of their acquaintances in their selling activities and therefore the social esteem accomplished within NDSO is often extended to their social communication themes within other social systems. Therefore the social benefits associated with individuals' membership frequently become social communication themes.

Righteous communication themes

Emotional perception and/or expression form an integral part of overall perception. *Righteous communication themes* evoke particular emotional responses, as they relate to ego-system states. It was shown in the earlier discussion on expectations that individuals have multiple expectations that may coincide or may be in conflict. If it is generally assumed that individuals join NDSOs for financial reasons, it must also be assumed that these individuals perceive themselves to be in some kind of financial position in relation to the other social systems they relate themselves to or differentiate themselves by. The financial positions individuals perceive necessarily create expectations or desires to overcome such financial difficulties that usually extend to psychological and emotional difficulties they may encounter. Other socio-psychological factors such as the high divorce rate, for example, may add to individuals' perceptions of victimisation, frustration, inadequacy, or other ego-system states. In this regard, individuals' narratives or stories relating to their aspirations or success become righteous communication themes in NDSOs.

Righteous themes generally contain emotional meanings described in terms such as mastery, victory, vindication, justice, self-actualisation, and so forth. Such narratives typically include heroes and villains – for example, members' stories about their mastery of a situation where they were subjected to authority and gained freedom. The emotions evoked through the narratives in groups within

NDSOs create another dimension of identification and enhance further cohesion between and among group members. They come to see their goals as similar, and experience relief by narrating their experiences.

The dimensions of morality that are discussed in the following section relate to righteous purposes and normative expectations. Members of NDSOs become consumers and product advocates, and their belief in the products and organisations they represent may become righteous themes insofar as they consider it to be almost their moral imperative to introduce members of other social systems to the benefits they perceive. In her seminal work on the development of NDSOs in the United States, Biggart (1989) identifies this kind of orientation as value rationality. The communication themes described create certain meanings within operationally closed psychic and social systems as determined by the self-reference of various systems. Culture provides themes that are available for quick and readily understandable reception in concrete communication processes (Luhmann 1995: 165). Moreover, NDSOs continuously co-create their own cultures, which are unique and cannot be described without specific reference to a specific system. The next section describes how the communication themes discussed in this section initiate the co-creation of meaning that creates NDSOs.

Meaning as (re-)actualisation and (re-)virtualisation of potentialities

The creation of meaning within NDSOs is as complex as it is in most other communicative situations. As Luhmann (2002: 84) observes: “A system that is bound to use meaning as a medium constitutes an endless but complex world in which everything has meaning, in which everything gives many cues for subsequent operations and thereby sustains autopoiesis, the self-reproduction of the system out of its own products.” The description of meanings that are created within NDSOs within the dimensions of reality, time, morality and emotion aims to provide further clarity. It is reiterated here, as Laflamme (2008: 70) concurs, that countless operationally closed, yet interdependent systems are at work within humans. Table 5 summarises the key considerations relating to meaning, and relates these to the dimensions that characterise dramatising messages as they can be identified within symbolic convergence theory.

TABLE 5: THE CREATION OF MEANING IN NDSOs

The creation of meaning in network direct selling organisations
Meaning is the unity of the virtualisation and actualisation and re-virtualisation and re-actualisation of potentialities.
Meaning can be conditioned.
Meaning is a medium of communication (meaning can only refer to meaning).
Meaning is basally unstable with a built-in compulsion to self-alteration.
Meaning is attributed to actions as points of connectivity.
Meaning is created in dramatic format.

(Davis 2011)

Individuals create and co-create meaning within themselves and within operationally closed social systems such as NDSOs. Many kinds of information and utterance determine the selections that create the unity of the synthesis of communication as elementary units of social systems. It has also been shown that the potentialities inherent in meaning itself can be linked to the potentialities imbedded in networks, expectations and communication themes relating to NDSOs. Meaning can be conditioned through language, and it becomes a medium in itself through symbolic interactionism and symbolic convergence.

While all the considerations and discussions relating to meaning have specific significance, the attribution of meaning in NDSOs is of fundamental importance to the theoretical explanation in this article. The global statistics relating to membership and sales activities in NDSOs represent *actions*. Individuals' and groups' understandings are indeterminable. Their actions, however, become information and utterance that represent certain meanings or understanding to observers. The dimensions of meaning created in dramatic format in NDSOs are related to the communication themes identified in the previous section.

The next section aims to show that all of the communication processes and dimensions that have been discussed in this section steer or direct individuals' hierarchies of communication contexts towards self-reference as the central point of recursivity.

Self-referential systems and NDSOs

The following observation Luhmann (1995: 137) makes relates to the earlier discussion of the increase in interaction through networks: "Self-reference on the level of basal processes is possible only if at least two processing units that operate with information are present and if they can relate to each other

and therefore to themselves.” Luhmann (1995) identifies several kinds of self-referential systems that further enhance not only multiplexity, but also the various unconscious and even subconscious dimensions of communication. In the interests of comprehensiveness, Table 6 presents a summary of some of the kinds of self-referential systems that have been identified.

TABLE 6: A DIFFERENTIATION OF SELF-REFERENCE WITHIN INDIVIDUAL (PSYCHIC) AND SOCIAL SYSTEMS

A differentiation of self-reference in NDSOs	
Self-virtualisation	Visualisation/imagination of the accomplishment of the potential rewards associated with NDSOs
Self-actualisation	Membership and participation in NDSOs
Self-determination	Making selections that are aligned with NDSOs in attempt to meet expectations; perception of control
Self-abstraction	Enables the replication of the same structures within the object itself.
Self-organisation	Individuals identify or create patterns of behaviour to reduce complexity.
Self-(re)presentation	Individuals present and/or represent themselves in their virtualised and actualised capacities as members of NDSOs.
Self-observation/differentiation	Individuals differentiate themselves from other individuals through self-observation and self-assessment as propelled by communication themes within NDSOs.
Self-simplification	NDSOs present potential solutions to complex realities through hierarchisation as a specific case of differentiation.
Self-socialisation	Socialisation is self-socialisation because its basic process is the self-referential reproduction of the system that brings about and experiences socialisation in itself.
Self-reproduction	Action systems must always reproduce actions.

(Davis 2011)

It can be deduced from the brief descriptions in Table 6 that these various kinds of self-reference play a constitutive role, not only in making selections that create the unity of synthesis that constitute communication(s), but also in the creation of networks that create NDSOs. Given that networks increase interaction,

variation and selection between and among individuals, the operationally closed self-referential systems within individuals, and hence the intrapersonal communication that occurs, create and co-create infinite potentialities of meaning as conveyed through actions and other dimensions of communication. The potential outcomes of communication and human actions that co-create the unity of communication synthesis, which in turn create elements of social systems such as NDSOs, are therefore infinite and indeterminable. However, the existence and continued growth of this industry clearly demonstrate that individuals who are, and who become, members self-create and reproduce meaning and further communication that accomplishes the overall objectives of this industry.

LIMITATIONS AND RECOMMENDATIONS

This study of NDSOs has been based on direct observation, informal participant observation and information provided by the regulating bodies within this industry, such as WFDSA and the Direct Selling Association of South Africa (DSASA). The membership and sales figures were calculated and presented by these organisations and could not be verified. Members do not formally resign when they no longer wish to continue selling or purchasing products. They simply withdraw from activities, and therefore there is no clear indication of the actual drop-out rate among distributors.

Formal interviews with a representative sample of members within this industry were not conducted for the purposes of this study. These could perhaps be done in future in order to gain deeper insight into the perceptions of individuals involved in the industry. In addition, further differentiation between communication themes in particular cultures, for example, could establish alternative explanations.

Emphasis was placed on the development of a theoretical explanation from a second-order cybernetic perspective, and an analysis of social and/or mass media has not been included in this study. The interpenetration and interdependence between and among social systems, together with the understanding of the information input-output ratio of individuals, mean that the impact of social and public media cannot be ignored, since this media represents and co-creates other operationally closed social systems. The same applies to the consideration of technology and the increased interactions it enables.

It seems that debates regarding new applications of cybernetic concepts have largely been conducted in other social scientific disciplines, and in particular sociology, despite the challenges a co-creational perspective poses for communication in general, and for organisational communication specifically. The sociologist Vanderstraeten, for example, asks the following questions about communication:

Human beings are conceded greater freedom (greater complexity) than social roles, norms and structures would allow. This raises the following questions: How do human beings participate in communication, notwithstanding the autopoietic closure of psychic systems? How does participation in communication contribute to psychic system formation? (Vanderstraeten 2000: 588)

In a similar vein, the sociologists Mutch, Delbridge and Ventresca (2006: 607) place the emphasis on

... the primacy of contextuality and process in sociological analysis, an attention to causal explanation that seeks to avoid both pure voluntarism and structural determinism, a requirement for theoretical consistency across levels of analysis and an advocacy of evaluations and internal debate around the thematization of issues and problems in order to facilitate theory building within and across traditions.

It is therefore recommended that communication scholars take up the challenge to participate in, and even lead, new interdisciplinary debates. Although Luhmann's theorising is perceived to be controversial, it provides many points of connectivity for communication scholars to engage with the challenges an emergent and co-creational perspective poses for our understanding of the role of communication in the autopoietic reproduction of social systems such as organisations. Overton-De Klerk (in Davis 2011) encourages communication research that develops depth and texture through continuous reflection and critical self-assessment, which can offer new paradigms in an ever-changing environment in which improbabilities, such as the growth of NDSOs, become the norm.

CONCLUSION

It has been shown in this article that, in clear defiance of economic logic, NDSOs are entrenched in contemporary society, and that until their actions provoke dissent rather than encouragement, these organisations will continue to exist and grow, regardless of the criticism they attract. But perhaps the criticism against NDSOs has to be redirected towards social systems themselves. Where does the valorisation of money stem from? What drives individuals to relate all selections they make in the unities of communication synthesis to money and to create their realities in monetary terms? Individuals cannot claim to be the victims of social systems they co-create, even if they do this through silence – *Qui tacet consentire videtur*.

The reality of NDSOs raises the question whether the primary motive for the creation of these social systems is actually money, as Bone (2006) claims, or whether it is value rationality, as Biggart (1989) suggests. The multiplexity of these social systems together with all other social systems leaves this question pending. Ultimately, the evidence shows that communication can transform the improbable and even impossible into the probable and possible, as Luhmann (1996: 341) suggests: “From a sociologist’s point of view there may be many reasons to question the rationality of modern society; but there can be no doubts concerning its stupendous capacity to normalise improbabilities.”

NDSOs are created through communication and are sustained precisely because they create networks, which in turn increase interaction, variation and selection. The communicative activities of members and prospective members are driven by ubiquitous expectations that are articulated within broad communication themes. These themes can apparently be found in most cultures, and they enable members to co-create meanings that virtualise and actualise the network direct selling industry.

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