

## COMMERCE: THE INTEGRATED BRANCH OF KNOWLEDGE AND ROLE OF MARKETING IN COMMERCE

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### ABSTRACT

*History of commerce in many ways is a history of world. Commerce goes back to the time with human existence; it has shaped the international trade and was also shaped by geography, politics, war, fashion, language and much more. Commerce is a vast subject and a branch of business which is a fluid and dynamic entity. The journey of commerce is from the act of barter system during the pre-historic times to the evolution of e-commerce in current time. What has helped commerce grow and remain relevant with the ever-changing scenario is & in this paper an attempt is made to understand and study the factors and causes for growth of commerce. The researchers are trying to understand and study through this paper. Commerce is a tree of knowledge which has flourishes because of the presence of various other branches such as Economics, Accounting, Marketing, Human Resource Management and many more which is discussed through this paper. The objective of the paper is to examine the evolution of commerce and check the relevance of other branches in commerce. The paper examines that in order to visualize the future course of development of Commerce as a stream in broader sense of understanding or in the education, it is fundamental that commerce is visualized as an integrated field of various domains.*

**KEYWORDS:** e-Commerce, Barter System, Human Resource Management, Marketing.

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### Introduction

Commerce is considered as an important branch for business and trade, which relates to the financial, marketing, Production management, human resource and economics aspects on an entity. The journey of commerce from the act of barter system during the pre-historic times to the evolution of e-commerce in current time has been a long one. But the end of the journey is still not in sight yet. We think of globalization as the unique modern phenomenon where as it has been a fact of life for many years, similarly commerce has evolved a lot yet keeping the ethos same. So long as the human society keeps on evolving, the discipline of commerce will also keep on developing, expanding and evolving. Philosophy was the originator of almost all social sciences. The roots of knowledge still lie in it although the earlier branches themselves have become knowledge generating trees. It is in the same ambience the tree of commerce sprouted. By the law of nature, the tree of commerce could only flourish in the presence of other trees and this paper focuses on this tree of commerce over which other trees of knowledge have exerted vital influence.

### Objectives

The ultimate goal of scientific endeavors is the welfare of human society. In the pursuit of achieving this goal, every branch of knowledge has to use the crutches of knowledge developed by other branches:

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- The first objective of this paper is to examine evolution of commerce as branch for commerce and trade
- The second objective is to check the relevance of other branches in development and their integration in commerce
- Third objective is to know the contribution of other subjects.
- Fourth objective is to describe the role of marketing in development of commerce

### **Scope**

On a very broad level of classification, knowledge has 3 main sections, pure science, social science and humanities. Each one of these has a theoretical part and an applied part. The contribution of these branches on commerce is more on the applied part. Below given branches, draws a picture of how they can be crucial in the development of commerce in my perspective.

- Economics
- Accounting
- Taxation
- Statistics
- Finance
- HRM
- Marketing
- Communication
- Law

In the following sections, research have provided small illustrations of how all these twelve branches have evolved and contributed to the overall knowledge tree of commerce.

### **Methodology**

In this paper descriptive information is discussed to explain the evolution of commerce, relevance of other subjects in development of commerce and to check the role of marketing in development of commerce.

### **Limitations**

In this paper contribution of selected branches is considered. No statistical analysis is undertaken.

### **Importance**

This is an attempt to explore another area of research where detailed investigation can be undertaken to explain the role of other subject in development commerce. With this kind of investigation further developed version of commerce and trade can be give to the society, so that use of natural resources can be optimized, 100% utilization of manpower, better quality product and services can be made available to the end users and many more.

### **Commerce: The Integrated Branch of Knowledge**

#### **• Economics**

Economics is the mother of commerce. Economics is a social science concerned with the production, distribution, and consumption of goods and services. It is a theoretical arm of the commerce, in which most of the theories are developed to explain the various economics phenomena. There are 2major types of economics – Microeconomics which concentrates on individual consumers and producers and Macroeconomics which examines overall economies on regional, national or international scale. Economists are also responsible for publishing various economic indicators. The following points explain the importance of business economics:

- Identifying, analyzing problems and finding solutions
- Identify, analyze various internal & external business factors
- Framing various policies
- Predict the future
- Establishing relationships between different economic factors

### **Significance of Economics in Commerce**

Almost all development in economics theory directly or indirectly contributed to the development of commerce. Origin of commerce is deeply rooted in the economic activities of mankind. Economics provide a theoretical background to analyze human activities and helps in deriving the laws or principals. In commerce these very activities are studied from occupational or practical point of view and lays down the norms. Commerce can rightly be described as practical economics or business economics. We cite here a few examples like – commerce is concerned with man's behaviour in pursuit of wealth. Adam Smith and his followers regarded economics as a "science of wealth which studies the process of production, consumption and accumulation of wealth". The basic objective of business is maximization of profit and wealth. It shows proper synchronization between theory of Adam Smith and objective of commerce i.e., business. A commodity which satisfies all the conditions has value and is wealth from economic point of view. In economics it is investigated how wealth is produced, transferred and consumed, whereas in commerce they are considered from the point of view of the business man. The economic development of the society and the development of commerce are interlinked. It is important to note that medium of exchange is developed from barter system to on line exchange. Economics has incorporated all these changes in itself to make commerce and trade more easily and comfortable. It is time saving and paper saving gift to the society. All this has given inputs to commerce. Being a mother of commerce, economics creates all possible positive reasons for improvement and advancement of commerce, thus why integration of economics with commerce should be disregard.

- **Accounting**

American Accounting Association have defined accounting as "The process of identifying, measuring and communicating information to permit judgment and decisions by the users of accounts". Accounting system is a man-made system which has evolved over the years to provide financial information to users. Account is an art of recording and analyzing transactions in terms of money and interpreting results which is the core part of commerce knowledge. Below mentioned are few pointers stating the importance of accounting:

- Helps in keeping record of business transactions
- Facilitates decision making for businesses and stakeholders
- Helps accurate reporting of legal requirements
- Helps in understanding the financial conditions of the company

### **Significance of Accounting in Commerce**

Commerce is all about conducting trade at large scale, the activity of buying and selling products and service and lead to a flourished business. Considering this money is at the centre of all the commercial activities and this is where Accounting is the biggest help to commerce. Accounting provides vital information regarding cost and earnings, profit and loss, liabilities and assets for decision making, planning and controlling processes within a business. Accounting is official process of recording the transactions done for commerce. It also helps in legalizing the process for the government regulation and the documentation of the business transactions for official proofs, taxation, auditing and to avoid frauds.

There are several changes in accounting profession which have created positive impact on commerce and trade. The manual bookkeeping process is now converted in to computerized accounting. Accounting has incorporated all possible technological changes in preparation and presentation of financial statements. This incorporation has significantly reduced clerical and repetition of accounting work. Technological modification of accounting has accelerated the speed and size of commerce and trade at domestic and international level, consequently at international exchange of goods, services and culture become possible. Finally, mankind is beneficial at large with these changes. It shows proper integration of accounting with commerce.

- **Taxation**

Taxes are levied by sovereign authority form an obligation for payment by the taxpayer. Taxes can be imposed in various ways such as lump sum tax or proportion tax. Some taxes are directly levied on the taxpayers while others are shifted to cost route. The main purpose of taxation is to raise resources to finance government expenditure in a way that is administratively feasible, equitable and efficient (Burgess and Stern, 1993)..Due to this varied nature of the tax, it requires special treatment in commerce. Below are the few pointers on the importance for taxation:

- Governments have utilized taxation for other than merely fiscal purposes.
- With the objectives of resource allocation, income redistribution, and economic stability
- The objective of stabilization-implemented through tax policy by government is that of maintaining high employment and price stability.

### **Significance of Taxation in Commerce**

Commerce has changed drastically during the last 50 years, not only because of the natural process of development of knowledge but also because of other branches. Commerce is about conducting business across borders among various states in country or between various countries to cater globally. These raises cross border regulations and legal issues, Transactions that may be legal and valid in one jurisdiction may not be enforceable in others. And to authenticate the same process, with appropriate documentation and help of accounting, commerce survives with the help of taxation. Especially with E-commerce and new formats of taxation across country, it is extremely important for any business to understand the crux of it. In order to maintain profitability any corporation needs to have good estimate of tax liability.

Tax is main source of income for government in the form of direct and indirect tax. From inception of civilization the task of tax collection exists. For betterment of society it is unavoidable. There is equal importance of direct and indirect tax. In present time indirect tax collection is made easier in the form of Goods and Services Tax. This initiative has created win-win situation for government (States, UTs and Central) and tax payer specifically business community. This change has brought clarity in tax liability and removed cascading effect of taxes. In this manner taxation has provided positive facility to trade and commerce. So relation of taxation for development of commerce cannot be ignored.

#### • **Statistics**

Statistics deal with the analysis of qualitative and quantitative data. Commerce as a branch of knowledge presents the understanding and of all business activities in the form of both qualitative and quantitative information. Statistical knowledge helps you to use proper methods to collect data, employ the correct analysis and effectively discuss the results. It is a crucial process to make new discoveries, make decision based on data, and make predictions. The following are the few reasons stating why statistics is an important branch of knowledge when it comes to commerce as a tree:

- Statistics helps to make swift decisions by providing useful information on customer trends.
- Statistics with the help of mathematics is helpful in describing accuracy of theories
- From economics point of view, it also helps in finding the relationship between two variables like demand and supply.
- Helps in business planning on the basis of sound predictions and assumptions.

### **Significance of Statistics in Commerce**

The late management guru Peter Drucker once said that what gets measured in business is what gets done. Statistics not only help measure business performance, but can also provide a means for boosting it. The calculation of various accounting fundamentals such as profits, different types of costs, ratios etc, requires basic statistical tools. Extensive use of accounting information invariably needs application of stats techniques such as correlation and regression. It is widely used in other streams as well such as economics banking and applied mathematics in collaborative form to help testing the hypothesis, risk assessment, generating profit and predicting the future. As a branch of knowledge statistics has great importance. The horizons of commerce and trade are not confined to regional or national level but widely expanded at international level. But this expansion brought certain complexity in commerce and trade. Tools and techniques of statistics and quantitative techniques provide almost correct results for any investigation or problems. Several problems of marketing, production management finance which are having vital impact on commerce are answered very precisely and accurately. Tools and techniques like linear programming, multiple regression analysis. PERT, CPM, Transportation theory, queuing theory and more others have great role in problem solving of commerce and trade. This subject has appropriate relation with development of commerce.

#### • **Finance**

Finance is the backbone of all commercial and business activities. Finance is defined as the management of money and includes activities like investing, borrowing, lending, budgeting, saving, and forecasting. The raising and management of funds by the business organizations is called business

finance. The main source of business finance is from revenue from business operations, investors own finance, venture capital, loans from financial institutions. Commerce is the mode to carry on the trade and traffic where as finance is to provide the funds to carry on the transaction. The following pointers throw some light on as to how finance is an important function:

- Finance make sure investments are made at an adequate rate and in the right venture.
- Oversee the financial matters to ensure shareholders have their returns which means making a reasonable profit.
- Maintaining sufficient cash flow.
- Regulating prices and trying to reduce cost in the best possible way.
- To ensure funds are used smartly and make sure all finds are correctly accounted for.

### **Significance of Finance in Commerce**

Finance is a very broad field which has sub sectors at both macro level and micro level. Business finance at National, International and Government levels are major part of the finance knowledge, which has undergone a lot of changes in the current times. These changes have also brought consequent changes in commerce. The concept of cost of capital, capital structure, leverage and dividend policy, Risk analysis, calculating investment opportunities are few areas of finance which have contributed significantly to the development of commerce. With the new wave of entrepreneurs who are trying their hands on start-ups, finance is an extremely important function for the commercial aspect of running of the business.

Out of four components of production, capital is one of them. To eliminate limitation of availability of capital different forms of business came into existence from sole proprietor to large sale international companies. The role of money and capital market is very significant. Different instruments of money market and capital market have crossed national boundaries due to liberalization. This facility has increase the size of capital availability and on a result due to elimination of capital scarcity commerce and trade have flourished and significant level and closely inter related with commerce.

#### **• Human Resource Management**

Business managements needs to pay attention to lot of aspects in order to gain profits, one such important branch or department in Human Resources which has a significant contribution to the overall growth. The birth of the human resources department brought awareness of management of HRM's importance to the organization and its bottom line. With employees increased participation of their work environment and compensation HR went from a record keeping role as caretakers to development of employees. A confluence of mega-trends mean that HR is experiencing disruption and change on an unprecedented scale, which is a direct impact from the changing scenarios in Commerce with advent of electronic business. Following pointers discuss the importance of HRM in business:

- HRM objectives have to be aligned with business objectives, which contributes to business growth and focuses on nurturing the employees of the company.
- HRM plays a critical role in strategizing and decision making, deciding on the workforce planning and decreasing employee turnover rate
- Human resources management has become synonymous with human capital management.
- HRM also includes planning for the employment life cycle and adopting measures to keep the company's most valuable assets attuned to its culture.

### **Significance of HRM in Commerce**

Human resources are the driving force and source of the core competitive advantage of any business. Because business success depends on the careful integration of HRM strategies with business requirements and strategies. The theories of HRM are the collection of general rules which guide managers in managing an organization. These contributions of various theories to encourage employees and respond effectively to business goals have been extremely crucial for commerce branch. Organization Behaviour theory by Pfeffer, Maslow's need hierarchy – motivation theory, AMO theory, Human Capital theory, Resource based theory etc. aims to achieve two primary outcomes – more efficient and effective job performance that impacts the commerce. The entire success of commerce and trade is based on effective and efficient management of human resources. Human resource has qualitative features like emotions, feelings, satisfaction etc, several researches are done across the globe

to meet all these qualitative needs of human resource. These researches are indicating monetary and non monetary remedies for meeting these kinds of needs of human resource. Human resource is equally important like other non-natural resources. Different theories of motivation and leadership suggest that productivity of human resource can be increased with appropriate theories of leadership and motivation. There no point to overlook the relevance of human resource management in the context of growth of commerce.

- **Law**

It is said that Law includes all the rules and principles, which regulates our relations with other individuals and with the state and which are enforced by state. Business law, also known as mercantile law or commercial law refers to the set of laws that governs the dealings reading commercial matters, namely business organization. It includes contracts, laws of corporations, other business organizations, commercial papers, income tax, secured transactions, intellectual properties, and other transactions and dealings related to the business. Law is a very important element of the commerce stream and below are discussed pointers:

- Law establishes a universal set of standard and rules followed by businesses worldwide.
- Law helps in maintaining the equilibrium and every country can have same standard which makes the business easier for everyone across globes for multiple stakeholders
- It also helps businesses and individuals aware of the rights which can be used in case of frauds.
- Business law makes it mandatory for all the businesses to maintain an ethical conduct which in turn pleases the buyers.

#### **Significance of Law in Commerce**

From a business organization to the government almost every entity caters to the interest of many people. Law gives them a right to have access to information about the business in which they hold a stake. It is the legal system which prevails upon the business organization to provide such information. Commerce refers to the sale or purchase of goods between nations or business entities. The diverse nature of commerce extends to include various other fields – business entities need governance too. The matters related to setting up and closure of an entity, protection of consumers' interests, property issues, foreign direct investments, taxation and many more and the disputes arising out of them need to be addressed.

The happening of dispute in human being is natural phenomenon. It is possible with human being, due to greed, dishonesty, misunderstanding, distrust, non commitment, non performance etc. Commerce and trade are entirely deal by human being hence occurrence of dispute is very obvious. Further due to internationally expanded business there is possibility of dispute at international along with domestic level. The purpose of law is not confined to resolve dispute but at the same time having purpose to maintain uniformity in the respective field or system. Law keeps system on truck to achieve desired objectives. To eliminate injustice and to maintain uniformity in commerce and trade laws play important role. Nowhere laws are irrelevant in line with commerce and trade.

- **Communication**

Communication is fundamental to human existence and the same stands for the organization. It is a process of creating and sharing ideas, information, views, facts, feelings, etc. among people to reach a common understanding. Business communication refers to the communication relating to the business activity where it means sharing your product to your consumers which helps them make the purchase. In this age of globalisation every business enterprise, big or small, requires proper communication for its existence. The below mentioned pointers explains the importance of the communication in commerce –

- It is extremely important as a function to communicate the goals of the organization acquaint with relevant information
- Recording and documentation of important information for the business.
- Communication is crucial for the purpose of persuasion and influencing someone to buy the product/ service benefitting the sales.
- Encourages feedback, boost customer relationship, and helps enforce rules that are important for organization to succeed.

### **Significance of Communication in Commerce**

Communication is the key mechanism for achieve integration and coordination of the activities of specialised units at different levels in organization. Hence as a function, communication is indispensable for commerce, all types of transaction whether from B2B or B2C are possible because of communication. Communication comes to the aid of businesses also and helps them to convey their thoughts, objectives, orders, appeals, observations, instructions, suggestions, etc for the purpose of planning administrative policies. Even when we talk about communicating the product through Marketing & PR, communication plays an extremely crucial role for commerce.

Right Communication between two parties assists to bring expected results. All types of communication like upward, down ward, vertical, horizontal, oral, written etc are equally essential. Lack of communication leads to dispute and some time spoils very old and precious relations. Honest and clear communication builds trustworthiness between parties. In Commerce and trade trustworthiness is fundamental element. This trustworthiness is the result of communication. Right communication pertaining quality, quantity, accounts etc. The existence of right communication in commerce and trade enhances volume commerce and trade.

- **Marketing**

“Marketing is the performance of a business activity that directs the flow of goods and services from the producer to the consumer”. – The American Marketing Association. The generic goal of marketing is to promote the product ahead of the competitors and marketing is responsible for initiating the communication between consumers and company.

#### **Role of Marketing**

The key objective of marketing as often emphasized is the efforts to develop satisfying relations with the customers and benefit both the company as well as the organization. How is marketing playing an important role from a business lenses is described in the below pointers –

- Understanding economic and competitive feature of a sector/industry
- Identifying target market and segmenting the same for appropriate reach
- Identify and plan the most effective strategies for growth
- Conducting market research and understanding competitive strategies
- Developing new products and penetrating in newer segments/markets
- Understanding company’s strength, weakness and roadmap for future growth

#### **Importance of Marketing**

At the same time marketing has been a driving force for the growth of commerce and with ever changing scenarios, competitive landscape as well as technological advancement, marketing has become all the way more crucial for growth. Few reasons below discuss the importance for marketing in commerce:

- Marketing most important function is to generate sales and promote the products to the right set of users
- Marketing educates people on the latest market trends, helps boost sales and profit, and develops company reputation.
- Marketing helps earn trust of the consumers and increases the goodwill of business by attaining long term loyal consumers.

#### **Significance of Marketing in Commerce**

There are several concepts of marketing that has been proved beneficial to the commerce as a branch of education or as a means to do trade. The philosophies of marketing like – Production concept, Product concept, Selling concept to marketing concept helps the commerce evolve with their objectives to do the business.

The basic role of marketing is to explain the need of developed respective product and service to the prospective end users. Marketing creates needs from zero level to unlimited level. Marketing is needed to sustain in competitive market. The sustainability and expansion of commerce and trade is dependent on aggressive but right and honest marketing. One of the most important contribution is the 4Ps or 7Ps concept that helps define the business in commerce and plan the marketing approach.

The days when consumer would take single route to make purchase are long gone. The customer journey is always evolving, and companies need to be innovative to generate commerce. There is not a single way to market the product, services or business in commerce. Few innovative and traditional approaches to marketing involve:

- **Domestic Marketing:** Domestic marketing comprises of the marketing strategies used by a company to attract customers and compel them to purchase a product or service within a local market. The marketing activities in domestic marketing are restricted to the local boundaries, and a limited number of customers are served.
- **International Marketing:** International marketing is the kind of marketing that focuses on a wider customer base, one that extends the national boundaries. Customers from all over the world are targeted in international marketing. This kind of marketing is quite complicated and requires significant financial investments.
- **Integrated Marketing Communication:** It is a strategic, collaborative, and promotional marketing function where a targeted audience receives consistent and persuasive brand messaging through various marketing channels in an integrated way to move buyer's through the decision making process.
- **Influencer Marketing:** According to the Association of National Advertisers (ANA), influencer marketing focuses on leveraging individuals who have influence over potential buyers and orienting marketing activities around these individuals to drive a brand message to the larger market.
- **Viral Marketing:** Viral marketing is a marketing phenomenon that facilitates and encourages people to pass along a marketing message.
- **Green Marketing:** Green marketing refers to the development and marketing of products that are presumed to be environmentally safe (i.e., designed to minimize negative effects on the physical environment or to improve its quality).
- **Guerrilla Marketing:** Guerrilla marketing describes an unconventional and creative marketing strategy intended to get maximum results from minimal resources.
- **Online Marketing:** Online marketing or digital marketing is the process of promoting business on electronic platforms or internet such as – website, social media, search engine, paid marketing etc.

## Conclusion

The first objective of this paper is to examine evolution of commerce as branch for commerce and trade. During discussion it is found that commerce is not developed in isolation it is integrated output of knowledge because different other subjects assist commerce and trade. The second objective is to check the relevance of other branches in development and their integration in commerce and Third objective is to know the contribution of other subjects. All selected different subject have relation with commerce and trade. Their existence and application in commerce have enhanced the effectiveness and efficiency of commerce and trade. Fourth objective is to describe the role of marketing in development of commerce. The survival of business units in present time of globalization and cut throat competition is possible due to marketing. As branch of management the progress and innovations in marketing are noteworthy. The process of innovations and new ideas to attract customers for developed product and service is endless. It is a continuous process because it is market of buyer not of seller. The role of marketing in commerce is remarkable.

This paper is a primary initial step of research in this area. Many questions are open to be discussed and raised basis the research conducted and justification shared on the importance of integrating these various disciplines in commerce and how every discipline contributes to the knowledge of commerce. In order to visualize the future course of development of Commerce as a stream in broader sense of understanding or in the education, it is fundamental that commerce is visualized as an integrated field of various domains. With the advent of new technologies and e-commerce, the lines are blurring when it comes to the understanding of running the business, trade or organization hence it has become extremely important that as an individual you are aware and comfortable with various aspects of the commerce domain.



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