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Survey on Available Bartering Techniques and their Fundamentals

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ABSTRACT

There may be a contradiction between individual self-interest and the collective good of a population in large-scale dispersed systems. Cooperative and incentive-based systems are typically essential to control the behaviors of these players, to compensate for the possibly unfavorable availability consequences that may follow from individual acts, Incentives for cooperative behavior have taken several forms throughout economic history. To re-allocate resources efficiently, we use a bartering incentive structure as a sturdy base. For all its age as a trading method, bartering continues to surprise us in a variety of unexpected ways. As a research model, barter mechanisms are appealing because of their success and durability. In an e-barter system, money isn't necessarily involved in transactions. Agents undertake resource swaps on behalf of their separate consumers in multi-agent systems They also have a tree structure depending on marketplaces. An appropriate design for this kind of system has been developed in this study. A web service will be used to specify the design. Due to the formal specification's abbreviation of many practical aspects, the process of creating a design definition for this typefaces various difficulties.

Keywords : Incentive-Based Systems, E-Barter System

I. INTRODUCTION

A. Overview

Standard finance and marketing approaches are sometimes unable to deal with the growth of national and international commerce volume and financial crises. These solutions are still money-based and do not work to reduce the cost of money. Thus, the greatest strategy to lower the cost of money is to adopt non-money-based strategies that may change corporate resources efficiently. The barter technique is based on the notion of buying and selling products and services without using money. Barter is a centuries-old system of exchanging products and services without using money (Terry and Gary, 1996: 167). Currently, barter transactions are classified as bilateral (classical) and multilateral (modern) (Toroslu, 2010: 5); retail, corporate, and international barter (Imşek, 2014: 29); and complete barter (100%) and partial barter (100%). Increase sales, reduce inventory, use idle capacity, get the right finance and marketing, avoid crises, and save money via barter (Uyan, 2013a: 2).

This study's goal is to present the barter approach, explain how it works in our nation, and assess the advantages of barter for businesses. First, the notion of barter and its evolution are addressed. Then the pros and disadvantages of each sort of barter are described. In the conclusion and recommendations section, the issue was reviewed based on the results and recommendations for the future of the barter system.

B. Definition Of Barter

Conceptually, barter is a trade and financing method that is built on millennia ago in the economy, albeit it is still fresh today. The fundamental definition of a barter system is the trade of commodities or services without money (Edwards, 1996: 7). (Edwards, 1996: 7). The Barter term is originated from the English language and is characterized as "Exchange (things or services) for other goods or services without using money" in the Oxford Dictionary (Oxford Dictionaries, 2017). (Oxford Dictionaries, 2017). In Turkish, there is no barter term, however, in many definitions of barter, the word "exchange" is used.

In the Turkish Language Dictionary issued by Turkish Language Association (TDK), the exchange term is defined as "payment of the cost of a contract concluded between two nations by reciprocal goods" (Güncel Türkçe Sözlük, 2017). In TDK's Dictionary of Economic Terms, the exchange phrase has been indicated as the definition of the English word "barter" (İktisat Terimleri Sözlüğü, 2017). Barter is a strategy established by inspiration from the exchange system which is the oldest and simplest kind of trade method (Karluk, 2013: 437). (Karluk, 2013: 437).

Barter as an international commerce mechanism involves the trading of products between two nations without utilizing money (Madura, 1992: 383). (Madura, 1992: 383). As a corporate trading type, barter is the term of a method in which corporations exchange products and services directly with other companies, notably to alleviate the liquid situation and overstock (Yakovlev, 2010: 280). (Yakovlev, 2010: 280). In international sources, barter is described as the exchange of what you have for what you need (Tugend, 2019: 8). (Tugend, 2019: 8). The barter system in Turkey is also presented with the premise of "give your surplus and take your need" (Barter Yeni Ekonomi, 2012: 10). (Barter Yeni Ekonomi, 2012: 10). In developing economies, the actions of barter merchants do not only make it simpler to share current resources more effectively but also allow for the increase of resources (Bauer, 2010: 4). (Bauer, 2010: 4). Barter is thus a specific financial tool that turns the economic resources of governments and enterprises into economic benefit. Today's contemporary barter system facilitates the exchange of products and services in an organized market.

In the literature, this structured barter form is referred to as "multilateral barter" and "financial exchange". But barter is a finance method more modern and extensive than simple trade (Özkan, 2012). Today, the barter system is sometimes referred to as the "stock exchange of the commodities and services" (Alptürk, 2019) and "free commerce" (Şimşek, 2014: 28). Indeed, today's modern barter system is created by the organizer company, there is a common market where companies that are members of the system can shop with each other, and the goods or services purchased in this market are paid by goods or services produced or traded, not by money (Yeşiloğlu and Yiğit, 1996: 16). Therefore barter is a financing tool that a business may purchase goods and services required and a trading approach through which a firm can sell products and services created.

C. Development Of Barter

Based on barter, there is the exchange of what you have for something you need. In the early periods when commerce was created in the simplest form, people were utilizing their surplus for their necessities, hence commodities and services were traded between sides. First, the coin, then banknote, began to be employed in the economy, then exchange and similar contracts have fallen into desuetude. The exchange system, which lost its relevance along with the development of money, became a current concern of enterprises and nations again to get rid of the international economic crisis of 1929 (Uyan, 2013a: 1). (Ryan, 2013a: 1). Due to the collapse of commerce, from 1930 to 1933, most European nations have signed various barter arrangements. In particular, Germany has provided food and raw resources from European and Latin American nations via barter. In those years, owing to the war and the economic crisis, international barter, one of the counter-trade strategies, was utilized. But eventually barter applications started to expand to the commercial level as well (Sürmen and Kaya, 2011: 131). On the other hand, private sector firms have always utilized the corporate barter technique by themselves, they have purchased their requirements from the company and they have sold their goods to the same company, thus they formed bilateral barter. Over time, the barter method was updated, reinvented, and systematized with the influence of technical improvements, structured barter applications managed by barter corporations have emerged, thus barter began to be used as multilateral changes between products and services.

According to the US Department of Commerce, barter contributes around 30 percent of total global commerce in different forms. The BusinessTrend Analysts study has indicated that 40 percent of international commerce is done using the barter method. Again according to US data, barter commerce has risen approximately 16 percent each annum (Saygılıoğlu, 2019: 197). The first documented barter group was created in Switzerland in 1934 (Arslan and Aykutlu, 1999: 2-3). (Arslan and Aykutlu, 1999: 2-3). A structured barter system is most widely utilized in the USA. Today more than 900 barter firms are functioning in different nations and more than 700 thousand enterprises actively trade barter (Toroslu, 2010: 68). (Toroslu, 2010: 68). In Turkey, barter groups have been active since the 1990s (Bayrav, 2019:8), and the barter system started to be acknowledged in the 1994 economic crisis when overstock of enterprises was employed via trade.

I. TYPES OF BARTER

A. Retail Barter

In retail barter, a corporation pays for products or services purchased from a barter market by selling goods or services produced or traded on the market. This is also known as retail bartering or organized bartering. Retailers, service providers, and self-employed persons may use retail barter (Uyan, 2013a: 29). However, present legislation does not ban the creation of barter firms and barter transactions via these organizations (Arzova, 2010: 24; Acar and Tekşen, 2017: 5). In the globe since the 1930s, and Turkey since the 1990s. Today, a broad range of commodities and services are traded in the barter market in our nation, such as real estate, written and visual advertising, building materials, airline tickets, automobile rental, hotel accommodation, medical services, ready-made apparel, furniture, and educational services. A barter corporation, like a brokerage house, facilitates the exchange of goods and services among members. Member enterprises may fund their requirements by selling their products or services. Members must sign a barter agreement with the barter firm (Erkan, 2010: 2-4). The barter firm manages the main data (supply and requests) and presents them to the member companies. Barter brokers service all members. Member company barter authority monitors barter transactions. 100% barter (full barter) or partial barter transactions. Barter organizations report multilateral barter transactions as debt or receivables to the current accounts of member enterprises. (Şimşek, 2014: 29). Within the purchase credit limitations, member firms may use the barter system (Erkan, 2010: 2). In a barter system, the corporation sells or guarantees the purchasing limit (Uyan, 2013a: 71). A barter member firm may get a product from another barter member without paying for it, but it must sell its products or services to other barter members within a certain time frame (Erkan, 2010: 2). Non-payment of products or services by the member firm must be paid in cash to the barter company. The barter firm is the brokerage house, and the buyer and seller are solely responsible for pricing, quality, delivery, and after-sales support. Expiration of the barter membership contract, member request, or if the barter firm deems it essential (Uyan, 2013a: 71). The member firm pays the barter corporation the yearly membership fee and the purchase and sales commissions (Türk Barter Üyelik Sözleşmesi, 2011: 5). Retail bartering is multilateral. It removes circumstances when bilateral barter transactions are impossible or dissatisfied, and it provides various alternatives to supply and demand (Zügül, 1998: 104-125.) In a multilateral barter transaction, numerous member firms join a barter corporation and shop together. This multi-sided and multi-commodity trade chain runs indefinitely.

B. Corporate Barter

Producers, principal distributors, and wholesalers swap products and services with other businesses to shift inventories, a practice known as corporate barter (Arslan and Aykutlu, 1999:9). (Imşek, 2014: 30) Construction, automotive, media, and tourist industries employ this sort of barter. When two firms are interested in one other's products, the managers will consider barter as a unique sort of commercial transaction including goods exchange (Yakovlev, 2010: 280). In reality, corporate barter transactions are bilateral. Bilateral barter is the simplest kind of barter and involves two organizations exchanging commodities (Krlolu, Akaytay, and Badat, 2015). Bilateral barter involves just two participants, both buyers, and sellers.

C. International Barter

Counter-trade agreements are the most common kind of international barter (Uyan, 2013a: 31). Counter-trade is international commerce involving governments or firms from different nations (Toroslu, 2010: 20). Counter-trade is a broad term. According to the items sold, the payment method, the payment time, the parties involved, and whether or not cash is utilized in the transaction (Durmuş, 2015: 13). Counter-trade is the exchange of commodities, services, technology, or receivables between nations, not cash (Tekşen, 2016: 39). Counter-trade is recommended for transferring commodities, services, and technology to countries with currency shortages or devaluations (McVey, 1981:197). Counter-trade has been acknowledged as a significant factor in international commerce, even by wealthy nations (Oyman, 2015: 40). The 1929 global economic crisis ushered in modern counter-trade methods (Uyan, 2013a: 31). Countertrade has been vital in global trade since 1945. It was created by the former Eastern Bloc nations. (Arzova, 2010) Since the early 1970s, emerging nations with liquidity issues have traded bilaterally. Counter-trade agreements often include mining, agricultural products, and certain industrial items (Arslan and Aykutlu,1999: 10). There are many kinds of counter-trade agreements used in international commerce (Ersun and Arslan, 2010: 175). In actuality, the sorts of counter-trade witnessed include barter and clearance, sometimes carried out by the state. Counter-trade strategies vary in two major ways. The length, density, and extent of the connection between the parties. According to this, a powerful, intense, complete, and long-lasting connection between trade partners brings the parties closer to new opportunities for collaboration, closer to rooted relationships, and harmonizes their work and arrangements. Then strategies like barter take control (Ersun and Arslan, 2010: 177-178).

II. SOME AVAILABLE TECHNIQUES

Exchange of products or services for other goods or services other than money, according to the Oxford Advanced Learner's Dictionary (2010). Barter is the oldest method of trade in the world. Direct exchange of products and/or services between two or more trade partners have always been the norm. While the basic principles of barter exchange haven't altered, modern variants have conditions and agreements that are more flexible (Frikken and Opyrchal, 2018). Barter trade is defined in this research as any kind of commerce in which the entire or partial payment for products and/or services is made by utilizing other goods and/or services. Barter trading is popular among businesses because of the many advantages it offers. It has previously been said that the use of barter trade may have a positive impact on a company's bottom line in several ways.

Although barter trading may be a good bargain for enterprises, Lighten (2012a) highlighted that only if they join it with their eyes wide open do they have a chance of success. Research demonstrates that barter commerce has its advantages and disadvantages, and this is evident from a survey of the literature. According to Ference (2019), barter trades are characterized by lengthy conversations before a deal can be struck. Even though this is advantageous in terms of getting to know each other better, the discussions might take a long time and deprive the company's employees of time to focus on other business matters. Barter trading may hurt a company's cash flow if it is not properly handled. Enterprises need to be aware of the dangers of accepting too much business via barter trading, according to Satov (1996). A company's cash flow might be adversely affected by barter trading because of taxes and other responsibilities that can only be paid in cash, such as salary, which must be paid by the company.

In addition, there may be issues in establishing the quality and value of the goods and services supplied; difficulty in disposing of items; the prospect of consumers becoming rivals; mismanagement and fraud. According to Campbell (2019) and ending (2013), 'distressed' inventory, which is inventory that is difficult to sell to conventional cash-paying clients, is a common source of barter exchange. In this way, corporations may get rid of outdated or subpar items via barter trading. The recipients may find these things of little use. Lack of knowledge or experience in a given product area might make it difficult to verify an offer's quality.

If a company agrees to trade in things that aren't strategic, it puts itself at risk. When it comes to accepting new items, Neal. (1992) advised corporations to be more discriminating in their selection. Findings from a study of countertrade practices across UK businesses revealed a major issue: no 'in-house usage' for items on sale. If a company accepts a product that it does not intend to utilize, it may either sell it on the open market or trade it for something else of equal value. Reselling items given by consumers, as discovered by Liesch and Palia (1999), might also be challenging. Customers accepting barter items to resell them might be a problem for barter trade. Customers might become rivals of a business in several instances.

This is because the barter consumers will be attempting to sell their items to the same customers who would have purchased them from the original firm. Barter trading, according to Egan and Shipley (1996), is riskier than monetary transactions. Risks include mismanagement and fraud, among others. Keeping track of barter goods might be difficult or impossible if suitable procedures aren't followed. For any organization to be able to take advantage of the possibilities and cope with the possible challenges often connected with barter commerce, appropriate management techniques are essential.

To make the most of barter trade's advantages, senior management commitment is essential, according to Neal et al. (1992). Having the backing of the company's top management may assist foster a barter-friendly culture. As a result of their assistance, the organization can ensure that it has sufficient resources to support barter trade operations, including financial, human, and other resources According to Young (2016), the successful implementation of barter commerce requires an effective and efficient organizational structure. Companies who want to employ barter trading need to show their commitment by forming organizations specifically designed for this sort of trade, Young said. The barter transaction may be organized in a variety of ways by corporations. Barter trade coordinators, distinct barter trade departments, or independent service providers might all be employed. As noted by Neal (1992), the option of how an organization should be built to efficiently deal with barter trade will be influenced by several elements, including the company's goals, available resources, scope, as well as the frequency of barter exchange.

Legal contracts are advocated by Hindin (2010) and Rutter (1996) to properly deal with additional hazards involved with barter commerce. It is also important to remember that the terms of the legal agreement may include details such as delivery dates and product quality, as well as consequences for non-performance. A company's policy guidelines may also serve as guidance for its personnel when it comes to barter trading. When it comes to managing barter trade, workers and management might benefit from having a written policy that outlines the best practices to follow.

III. USING BARTER IN BUSINESS

Economic liberalization has weakened economies by removing trade barriers. The economic crisis affects all enterprises, big and small. During a crisis or recession, enterprises' production capacity decreases, and their stockpiles cannot be converted into cash, causing liquidity issues. In quest of a remedy to periodic economic downturns, humanity has returned to the barter trading system. Today, barter is given to enterprises and nations uniquely and innovatively. Barter may be used for micro and macro transactions. From a micro viewpoint, retail barter is a great way for SMEs to finance and trade. One of the most crucial issues facing SMEs is funding, which influences their operations throughout their existence, particularly in times of crisis. Increasing loan prices made it difficult to give finance to SMEs during the recent global economic crisis. Moreover, bartering allows SMEs to finance their entry into global markets. However, SMEs lack a professional management style, making it difficult to identify target markets and create marketing tactics. As a result, they cannot sell all of their products and services. They start to run out of cash as their inventories and idle capacity grow. During crises, liquidity issues become more acute.

IV. CONCLUSIONS AND FUTURE WORK

In today's economic climate, when financing is costly, demand has fallen, the market has grown stagnant, competition has risen, and global crises are on the rise, companies are resorting to alternative economic strategies to stay afloat. It's possible to exchange resources without using money using the barter model, which is one of the alternatives. It's no surprise that barter has endured through the ages as a viable mode of commerce and financing. The barter technique, which dates back to the earliest days of commerce, is being resurrected in a new form with the addition of new features. There are three forms of bartering now in use: retail (organized), corporate, and international. Now, barter is used in hundreds of industries and by tens of thousands of businesses worldwide. The barter market isn't only used by businesses; it's also used by public organizations, municipalities, local governments, and even governments to raise funds. Companies in our nation mostly utilize the barter system to solve idle capacity, stock surplus, liquidity issues, accumulated debts, dangerous receivables, financing, and marketing issues. Today, firms that are unable to adapt to quickly changing situations in several domains, including social, political, natural, technical, and economic, will not be able to prolong their existence for a long period. Even the world's biggest companies have an average lifespan of 40 to 50 years, although the life expectancy of businesses is far lower. Bartering is an innovative and successful strategy for enterprises to maintain their long-term presence, establish a long-term competitive edge, and create above-average profit margins. By using barter as a tool, companies may develop corporate, competitive, and operational management strategies at each of the three levels of management. Like barter, a proactive crisis management tool in businesses, barter may be used.

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