

Green economy and innovative financial mechanisms: enhancing the efficiency of market mechanisms

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Abstract. This article investigates the various characteristics that enhance the efficiency of market mechanisms. Market efficiency is essential for optimizing resource allocation, minimizing waste, and boosting overall productivity within economies. Our analysis covers the theoretical underpinnings and empirical studies pertinent to market structures, regulatory influences, technological advancements, and the symmetry of information. We delve into different facets of market mechanism design, including the importance of competition and the transformative impact of digital technologies on market operations. By integrating theoretical frameworks with real-world evidence, this study aims to shed light on effective strategies to improve the functioning and efficiency of markets, thereby facilitating better economic outcomes.

1 Introduction

The market is based on decentralization of prices and an impersonal mechanism as a method of interaction between producers and consumers. Market participants will consist of a group of entrepreneurs and employees. In it, labor, consumers, securities, etc. are considered important elements. As the main subjects of the market economy, it includes households, entrepreneurs and the government. In the conditions of the current market economy, it is necessary to create conditions for increasing the efficiency of market activity, adapting it to the environment of business entities. This is accomplished through systematic integration. This issue serves to ensure the implementation and management of changes in market activity and focuses on the development of the necessary tools for it. This allows to manage the strategic portfolio of enterprises and products, to ensure targeted management of resource potential, and to form forecast values. That is, it determines the technological directions in accordance with the changes in the scientific and technical reserve and the market environment.

This study consists of systematizing changes in market activity in a changing external environment. Accordingly, the market mechanism is a form of economic organization in which consumers and producers interact on the basis of competition between them to solve

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the existing problem of the market economy. These problems are defined by what to produce, how to produce and for whom to produce. Its main task is determined by its usefulness for entrepreneurs. It is necessary to use the market mechanism in order to further improve the organization and management of markets and trade complexes, increase the level of service to the population and improve trading conditions.

2 Material and methods

In this article, research methods such as analysis, synthesis, economic method, logical analysis, inductive, deductive and abstract thinking are used [1-13].

The market is a set of socio-economic processes and mechanisms that ensure the exchange of individual goods, services and resources between buyers (consumers) and sellers (suppliers). In practice, the problem of introducing market changes is determined by the need to provide the necessary services in the process of achieving market goals. It is intended to create a system of interactions that ensures the achievement of the results of the market service and departments and to introduce decision-making mechanisms based on market data [1]. This mechanism is a market mechanism.

The market mechanism is considered as a mechanism of interaction and influence of demand, supply, price, competition and basic economic laws as the main elements of the market. This concept is fundamentally different from other concepts in cases where the market is organized at the place of sale. The basis of market activity is the proper functioning of the market mechanism built on the basis of supply and demand. And the main elements of the market mechanism are demand, supply, price and competition. Accordingly, the market mechanism is a set of interactions between the main market elements. This mechanism is also a relationship between supply and demand for a product or service. Market-based demand management suggests the use of this market-based approach to design mechanisms due to its prospective ability to balance supply and demand and take into account customer preferences [4]. Interrelationships are formed between these concepts. The market mechanism is able to establish a balance between supply and demand, production and consumption [5].

The functions of the market mechanism in economic sectors are as follows:

- mediation - connecting sellers and buyers;
- pricing - formation of the price in accordance with the law of supply and demand;
- providing information - obtaining complete information about the entities that produce and sell products.

A marketplace works as a mechanism that allows buyers and sellers to connect. As a result, they choose ways and methods to satisfy their needs. Based on it, economic choices are made between producers and consumers, thereby ensuring the role of the market. The economic impact of market tools on him is a phenomenon, and despite the functioning mechanisms of market relations, it is considered as multifactorial problem [2].

Market mechanisms are a system of communication that ensures the consistency of decisions and actions of independent economic subjects [6]. The market mechanism enables the realization of the economic goals of millions of independent economic entities making independent decisions, the stability and development of the market economy. The basis of the market mechanism is competition and prices, and it is connected with property rights. Under normal conditions, the market provides a mechanism for the initiation and termination of property rights [7].

Indeed, one of the important categories of the market is market mechanisms. Markets can be managed through various methods. At the same time, the mechanisms of market management are formed through national government bodies. Therefore, some common market mechanisms include:

- price control - a mechanism based on government intervention, which sets the limits of prices that can be charged for certain goods or services. Price controls can be in the form of floor prices and price caps. Price controls are used by the government as a mechanism to protect consumers, but they can create the risk of shortages and lower quality of goods and services delivered to the market.

- taxes and subsidies are a mechanism of state management; they are used to effectively influence the actions of buyers and sellers in the market. Taxes and subsidies can be used by governments to encourage certain behaviors or correct market failures.

- regulation - this mechanism of state intervention can be used to ensure the competitiveness and overall efficiency of markets. An example of market regulation is anti-monopoly laws and other regulatory documents. Regulation is used to eliminate problems in the market and protect consumers from negative effects. However, the regulation is used to adapt the national market mechanisms to objective changes.

3 Results

Market mechanisms work within different mechanisms. The price mechanism is specific to goods and operates in market conditions. Some researchers present an incremental pricing mechanism for a market with participants such as manufacturers, logistics agencies, and insurance intermediaries [3]. Based on this, the market mechanism is recognized as a mechanism of price formation and resource allocation, interaction of market subjects on price determination, production and sale of goods. The mechanism of entrepreneurship is characteristic of the market economy and is focused on one sector. The problem of creating an ecological business mechanism is expressed in determining the sufficient level of financial resources. It is considered to be a source of permanent funding of the state budget [8]. Government subsidy programs work for the creation of various activities or technology applications. They provide a financial mechanism to incentivize an environmentally beneficial positive outcome.

In order to develop entrepreneurship, it is necessary to specialize this network in each field. Consequently, the creation of an improved system of providing information to business entities specializing in the service sector allows for mutual coordination and extensive development of the mechanism of effective operation of these entities. The information supply formed in the form of a system will be important in ensuring its long-term prospective development, having a high brand and forming mutually integrated relations [11].

In particular, state intervention is used in market activities aimed at reducing negative effects in the economy. In this case, the state policy of market regulation is carried out in the following directions:

- law - regulates the order of relations between state market participants;
- finance - the state sets taxes and duties and offers subsidies;
- money - the state controls economic stability.

Today, there are new mechanisms, such as public-private partnership and mechanisms for creating smart markets. Management at the macro level - state regulation, introduction, modification and adaptation of corporate management methods, models and best practices in the higher education system, public-private partnerships to increase the independence of higher education institutions and increase socio-economic efficiency implementation of mechanisms is considered [9]. A smart market is necessary for the development of the market mechanism in a modern form. Smart markets are organized in the form of markets with complex elements, different parts and well-defined markets, and it is necessary to design its mechanisms in order to ensure its effective operation [10].

However, the formation of a market mechanism of management involves the implementation of the following economic conditions that ensure market relations:

- diversity of ownership forms and forms of management;
- freedom of prices;
- ensuring freedom of choice;
- freedom of entrepreneurial activity;
- existence of competition between subjects of entrepreneurial activity;
- system of economic, legal and administrative regulation of economy by the state;
- existence of anti-monopoly legislation and sufficient mechanisms for its implementation;
- market infrastructure.

Another mechanism based on market conditions is the rebate and trade program, which is based on quantity. Determines the total amount of pricing for the regulatory authority. A cost-reduction mechanism is taken into account through this standard.

Market relations are a form of economic organization of society, in which sellers and buyers interact with each other. Any operation of the system implies the existence of a mechanism, that is, an organization [13]. Therefore, the market mechanism is considered an important idea at the organizational level. Although the use of internal or transfer pricing to stimulate the market mechanism between subordinate units of an organization has gained attention from economists, this idea has important aspects [12].

In our opinion, the market mechanism has a structural structure and elements, which includes a number of internal and external factors (Fig. 1).

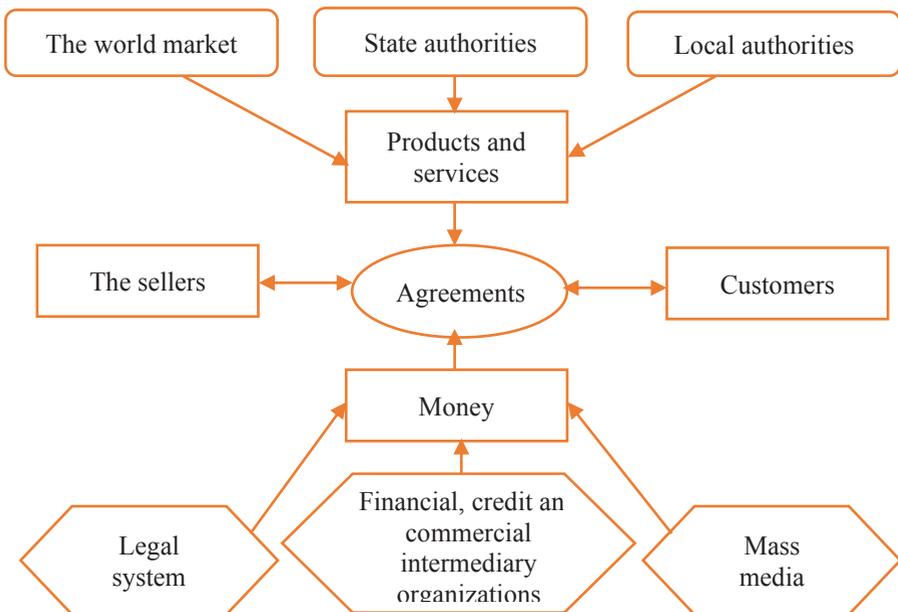


Fig. 1. Structure and elements of the market mechanism.

According to this picture, the composition of the market mechanism is the creation of goods and services by the world market, government and local authorities. Goods and services must be contracted through sellers, buyers and money. Basically, it is provided by the legal system, finance, credit and trade intermediary organizations and the mass media in the distribution of money.

4 Discussion

Efficiency in markets ensures efficient functioning of the market mechanism. This promotion is done appropriately and competition in the markets allows to solve the problem. This aspect reflects the situations of mediation in trade between buyers and sellers. In the development of this mechanism, the circumstances of the sellers' work in sales are taken into account.

In ensuring the market mechanism, the concept of efficiency is considered as an economic category that reflects the process of extended reproduction. Economic efficiency is determined by comparing the obtained result with the used resources or costs. In market conditions, the economic efficiency of production is determined by comparing it with the total labor costs and the volume of production resources, and the production result is characterized by the production costs and the amount of resources included in the additional production process.

Based on the above aspects, the market mechanism coordinates the volume of goods and their value. The number of products sold depends on the price level. That is, the higher the price, the less the number of buyers trying to buy it. In this case, flexibility of the market mechanism is reflected in price flexibility. If demand for a product increases with a new way of selling, consumers buy more of it and producers raise prices to balance the limited supply. High prices increase the profitability of this form of product sales and allow to increase the quantity of produced products. The market mechanism provides special opportunities for choosing the manufactured product and the forms of its sale. This situation also makes it possible to forecast changes in sales conditions and apply effective forms.

Also, depending on the scope, level and objects of the changes in the market activity, they imply different results. This allows to increase the effectiveness of the market mechanism in the following directions:

- implementation of qualitative changes in business (changes in market behavior models, entry into new markets, changes in the business structure and changes in ownership forms);
- improvement of market activity (optimization of market activity and improvement of efficiency);
- improvement of the system of communication of the market with the internal and external environment;
- improving the components of business value (increasing the effectiveness of strategic management, using market methodology in the process of strategy definition, planning and forecasting);
- increasing business flexibility (developing and forming mechanisms for implementing changes depending on the state of the external environment);
- introduction of market mechanisms based on partnership relations in business.

5 Conclusions

The market mechanism is a set of unique forms and methods of organizational structures and management, and the economic laws that apply in certain conditions are considered legal norms. This mechanism reflects the process of reproduction. Accordingly, the market mechanism is considered a system of methods and means of influencing economic

processes with developed commodity-money relations, all forms of ownership and the development of entrepreneurship, and the role of the state in the economy is limited.

The market is an economic relationship related to the purchase and sale of goods and services, as a result of which demand, supply and price elements are formed. Market relations are based on market mechanisms. In other words, there will be unregulated supply and demand and unregulated market prices. While demand is the willingness and ability of buyers to buy a good or service at a given time and place at a given price, supply is the ability of sellers to buy a good or service at a given time and place. determined by the willingness to offer a certain product at one price. Supply and demand are affected by price and non-price factors. Through these, the market price is formed, according to which the market or equilibrium price is the price at which the demand quantity is equal to the supply quantity. However, changes in the market activity will lead to results related to the general activity of the enterprise. Changes in the level of market activity stimulate sales growth and lead to positive results with changes in the production program.

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13. See Jack Hirshleifer, "On the Economics of Transfer Pricing," *Journal of Business*, 1956, p. 172, and "Economics of the Divisionalized Firms," *ibid.*, 1957. pp. 96.