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HOW MARKET RELATIONS HAVE CHANGED IN THE 21ST CENTURY

Vanya Hadzhieva
New Bulgarian University – Sofia Bulgaria

Abstract. Over its millennial history, markets have established themselves as a gathering center and intersection of all public interests that meet in the market arena to satisfy the demand and supply of assets. Market relations encompass the entire set of interactions between consumers, producers and intermediaries. In their essence, it is the market relations that form the basis of the economic systems through which the distribution of resources is realized from antiquity to the present day. The essence of market relations is the supply-demand relationship, through which the searching consumers declare their willingness and ability to buy, and the offering producers and traders their readiness to offer the relevant assets. In its essence, this is a classical interaction that retains its essence over the centuries, modifying and developing the specific techniques and models for its practical implementation. The purpose of the presented material is to focus attention on the new moments in the process of realizing market relations in the 21st century through analytical comparison.

Keywords: market; market relations; changes

JEL: *E26, F60, F63*

1. Introduction

Markets originally originated in antiquity and since then they have undergone numerous transformations to reach today's global systemic set of market centers called the global market (Shishkov, 2008). The most common concept perceives the market as a physical place where sellers meet buyers for the purpose of trade, a concept that in the new 21st century is undergoing development influenced by innovation and global digitalization – the new industry (Biolcheva & Sterev, 2024).

The purpose of the presented analysis is to focus attention on the changes in classical market relations in the 21st century, with the emphasis of the study on innovations that radically change the established market relations for negotiating between supply and demand in the global context of the digital economy.

2. Market relations

The whole set of potential relationships taking place between potential participants in market transactions form the so-called. market relations. Market relations are the whole set of relations that take place between buyers and sellers in the process of exchanging assets. Buyers and sellers, commonly referred to as economic operators, make economic decisions, by means of which they model their market behavior in order to satisfy specific needs. Market entities have complete freedom to make decisions depending on their own interests, provoking the demand and supply of assets, as a result of which market prices are formed. The decisions of market operators determine how the available resources are to be used and which needs are to be met as a priority through the market mechanism, which takes into account the countless consumer decisions of individual market participants and is a mechanism for their practical implementation. Market participants can be represented in several key groups, as shown in Figure 1.

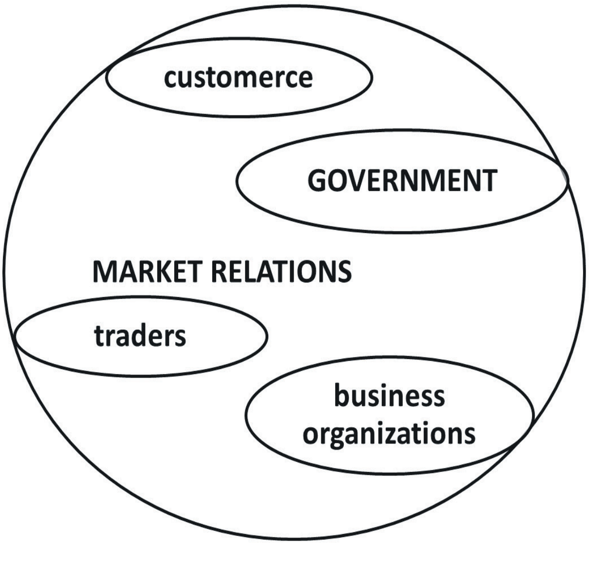

Figure 1. Basic elements of market relations
Source: Own representation

Markets relations are realized between the interested market entities in the face of those seeking and offering assets and raw materials under the conditions of national regulation within the framework of the rule of law. Market relations are the infrastructure through which the exchange processes between interested subjects – consumers, producers, intermediaries and the state – are realized. Market relations are the totality within which the exchange of assets is carried out, based on the created market relations between potential counterparties. The efficiency of market relations is defined in two key directions - on the one hand, the exchange processes are remunerative, which means that each participant exchanges the asset for consideration for another asset, with the equivalence of the exchange, because each participant strives to realize an equivalent exchange. Market relations should be perceived as the infrastructure within which global trade relations are implemented from antiquity to the present day.

3. Market relations – essence and characteristics

Market relations represent the totality of interactions between consumers and producers of assets, forming the foundations of economic relations and playing a key role in the allocation of resources. Market relations have key characteristics that mediate their role in global trade, they can be presented in the following more important directions:

– **Competition between producers stimulates innovation**, reduces prices and improves the quality of the assets produced. Competition is a key factor for the efficiency of market relations and a major catalyst for economic growth;

– **Price** formation is based on the interaction between supply and demand, which is a key factor in the process of resource allocation. The price mechanism is a basic indicator that models the behavior of both consumers and producers and traders within the framework of market relations;

– **Freedom of choice is available to both consumers**, who decide for themselves which item to prefer, and manufacturers, who have the freedom to choose what to produce, as well as intermediaries, who can choose to trade the assets with the highest profit margin;

– **The variety of assets demanded and offered**. Within the framework of market relations, an unlimited assortment of assets is offered, which optimally satisfy consumer expectations and needs;

– **Supply and demand form market prices**, which are a reflection of producers' ability to produce and offer certain assets and consumers' willingness to buy and consume them. When demand exceeds supply, prices usually increase, and vice versa, when there is a high supply that exceeds demand, prices decrease;

– **Resource allocation**. Market relations determine the distribution of resources between the different industries and sectors, and in the conditions of a free market, resources are directed to productions that provoke the highest demand for the respective asset;

– **Economic units**. Market relations involve a number of participants – consumers, traders, producers, intermediaries, investors and the state, which interact with each other, predetermining the functioning of economic processes;

– **Regulations**. Traditionally, market relations are subject to government regulations through which to achieve protection of consumers, as well as certain social strata, to ensure fair conditions of competition and prevention of monopoly practices;

Market relations are a dynamic system within which the interaction between different economic actors determines the functioning of the economic system. By their nature, market relations are a complex mechanism that ensures exchange and interaction in the economy, regulating the sustainable allocation of resources and the production of assets that are key to economic development and sustainability.

4. Historical development of market relations over the centuries

The historical development of market relations goes through several key periods, which are a reflection of the changes in economic, social and political transformations in society. The presented periodization does not pretend to be exhaustive, but aims to visualize the key moments in the historical process of development of market relations over the centuries, as shown in Figure 2.

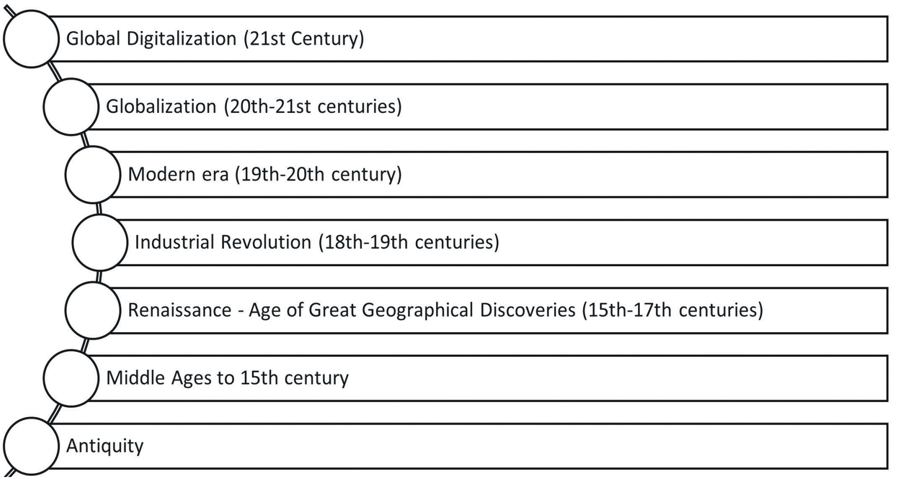

Figure 2. Approximate periodization in the development of market relations
Source: Own representation

The historical development of market relations develops in parallel with the socio-economic and political processes that take place in society. Market relations are a direct reflection of the social and economic dynamics over the millennial history of human history.

In ancient times, the first market relations were based on barter trade, where goods and services were exchanged directly without the intermediary of money.

Over the years and the development of barter processes, individual goods played the role of money, and later the first money issues appeared (Vitanov, 2022).

In the Middle Ages, trade was established as a specialized and professional activity, and market relations were established thanks to professional guilds and growing trade volumes. In this period, the so-called. trade routes (Silk Road), through which the first trade relations between counterparties from distant locations were established.

The Renaissance and the Age of Discoveries was a period during which intensive trade was carried out, especially with the newly discovered colonized territories, from which new exotic and expensive goods (spices, precious metals, vegetables, fabrics, etc.) were imported, which significantly changed the dynamics of market relations on a global scale.

The Industrial Revolution in the 18th and 19th centuries radically changed production and trade. During this period, industrial production was introduced, which led to an increase in labor productivity, increased urbanization and economic growth. The development of rail transport and telecommunications facilitate and accelerate market relations.

Modern era. At the beginning of the 20th century, the new economic theories Keynesianism (Angelov, 2011) and Neoliberalism (Ilyin, 2020) were established, which provoked new approaches to market regulation. After World War II, systems of social market economy and planning balanced between free markets and state intervention.

The end of the 20th century and the beginning of the 21st century were marked by digitalization and technological innovations, which brought market relations to the new digital dimension of the Internet. Technological innovations have changed market relations and patterns of interaction between consumers and producers. Relations between individual countries have been optimized and international economic relations are becoming a global economic model that encompasses all potential market subjects in the digital space.

In the new 21st century (global digitalization), the trend of global sustainability and social corporate responsibility of global companies and global consumers is being consolidated, and business ethics is becoming a leading criterion for market success. Market relations continue to transform with the development of new technologies, such as blockchain and artificial intelligence, which also create new patterns of consumption, trade and production.

The presented historical overview shows that market relations develop dynamically and are subject to influence by many and diverse factors that not only determine the economic but also the social changes within the global society. The periodization presents the key stages in the development of market relations, distinguishing the moments of radical changes.

5. Comparative analysis of market relations in the 20th and 21st centuries

Within these two centuries, we have witnessed many radical changes that have changed both social formats and market relations. Perceiving market relations as a direct reflection of global changes and innovations, both similarities and significant differences in their characteristics can be highlighted. Market relations within the 20th and 21st centuries retain their basic characteristics – the basic economic principles, trade relations and competition, which can be perceived as similarities in the two centuries, and the differences are found in the accessibility to markets and the degree of globalization, access to information, as well as payment and delivery methods, where there are serious differences, as shown in Figure 3.

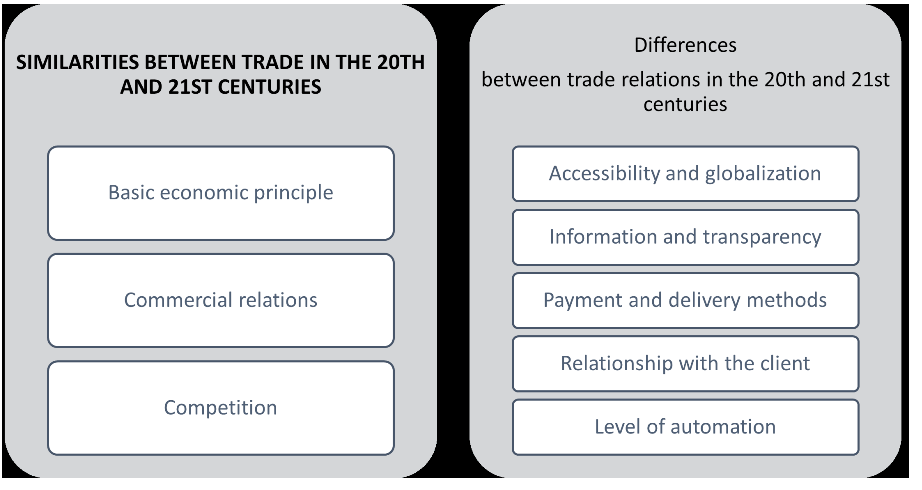

Figure 3. Similarities and differences in trade relations in the 20th and 21st centuries
Source: Own representation

The three directions in which market relations retain their character are:

– **Basic economic principles**. In both millennia, the operation of market centers remained subordinated to the classical principles of supply and demand. Asset prices are determined by the interaction between consumers and producers when they meet under market negotiation conditions. No matter whether the market centers are digital and/or physical, the principle of supply and demand remains leading as a fundamental market instrument.

– **Commercial relations**. In both the classic and digital markets, there are commercial relationships between sellers and buyers. In both cases, the goal is to reach an agreement between bidders and bidders on optimal terms for both parties. This nature of trade relations has persisted in both the 20th and 21st centuries, despite technological innovations and accelerated communication between the partner countries.

– **Competition**. Competition as the main market mechanism retains its character and will always be present in the process of market negotiation, with organizations working independently of each other, exerting a concrete impact on each other, which in turn stimulates the efficiency of organizations. Without competition, business operators would not have incentives to optimize production and management processes in organizations and thus offer consumers better quality products at more attractive prices.

In the comparative annals of market relations in the 20th and 21st centuries, in addition to similarities, the following more important differences can be distinguished:

– **Accessibility and globalization**. The digital market offers unlimited access to global customers, while in the classic market, access is usually limited to a specific local community. In the 21st century, consumers can shop from anywhere in the world, no matter where they are positioned and where the delivery should be made, which is not so easy and possible within the already past 20th century. Within the framework of the last century, markets with national, regional and international representativeness were distinguished (Hadjieva, 2010).

– **Information and transparency. In the digital market**, consumers have access to an unlimited amount of information, such as customer reviews, price comparisons and product features, which is not so easy and accessible in the classic physical market, where accessibility is determined by the scope and representativeness of the respective market.

– **Payment and delivery methods**. The digital market offers a diverse portfolio of opportunities for digital payments (virtual wallets, cryptocurrencies, etc.), while in the classic market, payment is most often in cash and/or by electronic card and bank transfer. In the 21st century, market participants can use the huge variety of forms of payment, and in recent years the so-called "Payment Gateway" has become established. Advance payment, in which the act of payment finalizes the ordering process.

6. Conclusion

The market and market relations are related, but they are not identical concepts. A market is a place or mechanism where buyers and sellers meet to exchange different assets in order to meet specific needs. The market includes various elements, such as supply, demand, prices, and competition. It can be physical (shops, bazaars, markets, etc.) and/or virtual (online platforms).

Market relations refer to the interactions and relationships between market participants – buyers and sellers. These relationships include the exchange of information, price negotiations, terms of sale, and all other aspects of commercial negotiation. Market relations describe how these interactions are formed and developed over time.

Therefore, it can be concluded that the market is the structural context in which economic transactions take place, while market relations are the dynamics and interactions between market participants.

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✉ **Dr. Vanya Hadzhieva, Chief Assist. Prof.**
ORCID iD: 0009-0002-3969-0531
Department of Administration and Management
New Bulgarian University
Sofia, Bulgaria
E-mail: vhadjieva@nbu.bg