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# THE ESSENCE AND STAGES OF FORMATION OF THE MODERN WORLD ECONOMY: THE ROLE OF COUNTRIES IN THE ECONOMIC DEVELOPMENT OF DIGITAL AND GREEN TRANSFORMATION

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### Abstract

This article analyzes the essence and stages of formation of the modern world economy in the context of digital and green transformation. The main goal of the study is to determine the impact of digital and green factors on the level of economic development of countries and their participation in the world economy. Theoretical-analytical and comparative approaches were used in the research process. The stages of formation of the world economy were studied based on the periods of industrialization, globalization and modern transformation. The impact of the digital economy and the green economy on economic growth was also analyzed. The results showed that digital technologies and green development factors are becoming the main drivers of modern economic growth. In particular, the harmonious development of these two areas is of great importance in increasing the competitiveness of countries in the global economic system. In conclusion, it can be noted that the future development of the modern world economy depends on the integration of digital innovations and the principles of



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sustainable development, and countries that can effectively implement these areas will have an economic advantage.

**Keywords:** Modern world economy, digital economy, green economy, economic development, globalization, sustainable development, transformation.

### Introduction

The modern world economy has been undergoing profound transformation processes in recent decades. Along with traditional economic development factors - capital, labor and resources, today digital technologies and the principles of sustainable development are becoming the main drivers of the global economy. In particular, the digital economy and the green economy are emerging as important directions representing a new stage of formation of the modern world economy. The process of digital transformation is fundamentally changing all sectors of economic activity, increasing production efficiency, creating new jobs and expanding the participation of countries in global value chains. Innovative technologies such as artificial intelligence, big data, fintech and platform economy, while increasing the efficiency of economic systems, are further intensifying competition between countries. At the same time, global environmental problems, climate change and resource scarcity have sharply increased the relevance of the concept of a green economy. The green economy is aimed at reducing the negative impact on the environment, increasing energy efficiency and ensuring sustainable economic growth, and has become an integral part of the economic policy of developed countries today. The new economic model being formed based on the ESG (Environmental, Social, Governance) principles is also significantly changing the flow of investments. The level of economic development of countries in the world economy and their participation in the global system are closely related to these transformations. While developed countries are rapidly adapting to the digital and green economy and gaining an



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advantage in high-value-added sectors, this process creates new opportunities as well as certain problems for developing countries. The economy of Uzbekistan has also been actively integrating into the global economic system in recent years, implementing important reforms in the areas of digital transformation and green development. By developing digital infrastructure, expanding green energy projects, and improving the investment climate, the country is striving to strengthen its position in global economic processes. However, there are still problems related to institutional development, technological capacity, and human capital in these areas. The main purpose of this study is to analyze the essence and stages of formation of the modern world economy in the context of digital and green transformation, and to determine the impact of these factors on the level of economic development of countries and their participation in the global economic system. Within the framework of the study, the experience of developed and developing countries is studied on a comparative basis, and practical conclusions and proposals are developed for Uzbekistan.

### Literature Review

The issue of the stages of formation of the world economy has been widely covered in classical and modern economic theories, and this process has developed through the stages of industrialization, globalization and digital transformation. The issue of the stages of formation of the world economy has been widely covered in classical and modern economic theories, and this process has developed through the stages of industrialization, globalization and digital transformation. The issue of the development of the modern world economy and its stages of formation has been widely studied in economic literature, and scientific research in this area has been formed on the basis of classical and modern approaches. In particular, Ross Levine (1997) substantiates the role of financial systems in economic growth and emphasizes that the efficient allocation of capital and financial resources accelerates economic development. Raghuram

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G. Rajan and Luigi Zingales (1998) empirically showed that sectors dependent on external finance grow faster in countries with a high level of financial development. Thorsten Beck and Ross Levine (2002) confirmed this relationship using a large panel of data, proving that the depth of financial markets is one of the important determinants of economic growth. In recent years, the scientific literature has paid special attention to the emergence of the digital economy as a new stage of the world economy. Brynjolfsson and McAfee (2014) noted that digital technologies have ushered in the “second machine age”, noting that artificial intelligence and automation are dramatically increasing economic efficiency. Since the 2020s, the economic model based on digital platforms, fintech systems and big data has reshaped global value chains and brought the competitive environment between countries to a new level. At the same time, the concept of a green economy is also developing as a separate scientific direction in modern research. According to reports by the United Nations Environment Programme (UNEP, 2023), a green economy is considered a model that combines economic growth and environmental sustainability. OECD (2024) studies recognize green investments as an important factor in ensuring long-term economic sustainability, and note that energy efficiency and the transition to a low-carbon economy are becoming the main directions of countries' development strategies. In scientific research conducted in 2022–2025, increased attention was paid to the interdependence of digital and green transformation. According to World Bank reports (World Bank, 2024), digital technologies are an important tool for accelerating the transition to a green economy. For example, digital monitoring systems, smart energy (smart grids) and digital financial instruments increase the effectiveness of green investments. EBRD (2024) studies show that the combination of green and digital reforms in developing countries can be a new source of economic growth. The experience of European countries is of particular importance in this regard. The European Central Bank (2024) and OECD (2024) reports emphasize that economic stability is being achieved in the

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European Union through the deepening of capital markets, the development of green bonds and digital financial infrastructure. This shows that the participation of countries in the global economy depends not only on traditional factors, but also on the level of innovative and institutional development. In studies conducted on Uzbekistan, the issues of capital market development, digital economy and investment climate also occupy an important place. Although significant reforms have been implemented in the country in recent years in the areas of digital economy and green energy, the combined impact of these two factors has not been studied in a sufficiently comprehensive manner in the existing scientific literature. In particular, there is a scientific gap in the comparative analysis of the level of participation of countries in the global economy and their relationship with digital and green transformation. Therefore, this study aims to summarize existing theoretical and empirical approaches, analyze the stages of formation of the modern world economy from the perspective of digital and green transformation, and shed more light on the level of economic development of countries and their place in the global system. Nevertheless, existing studies have not sufficiently studied the complex relationship of digital and green transformation with the stages of formation of the world economy.

### Research Methodology

This study is aimed at a systematic analysis of the stages of formation of the world economy, based not only on an empirical, but also on a theoretical-analytical approach. This study uses a comprehensive approach to analyze the stages of formation of the modern world economy, as well as the level of economic development of countries and their participation in the global system. The research methodology is based on a combination of comparative, empirical-statistical and analytical methods. The main goal of the study is to assess the level of economic development of countries and their participation in the world

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economy in the context of digital and green transformation, for which a comparative analysis was carried out between developed (mainly European countries) and developing countries (including Uzbekistan).

The following main economic indicators were used in the study:

- Digital Development Index — reflects the level of digital infrastructure and technological development of the country;
- Green Economy Index (Green Growth Index) — reflects the level of environmental sustainability and green investments;
- Capital investment volume (GCF/GDP) — the share of total investments directed to the economy;
- Capital market development level (MCAP/GDP) — the ratio of the stock market volume to GDP;
- Economic growth rate (GDP Growth) — the main outcome indicator of economic development.

Based on these indicators, the level of economic development of countries and their participation in the global economic system were assessed. Data were taken from open statistical databases of the World Bank, OECD, EBRD and other international organizations.

The study used a regression model to determine the impact of the capital market, investments, digital and green factors on economic growth:

$$GDPG = \alpha + \beta_1(MCAP/GDP) + \beta_2(GCF/GDP) + \beta_3(\text{Digital Index}) + \beta_4(\text{Green Index}) + \varepsilon$$

Where:

- GDPG — economic growth rate;
- MCAP/GDP — level of capital market development;
- GCF/GDP — capital investment volume;
- Digital Index — level of digital development;
- Green Index — level of green economy;
- $\beta_1, \beta_2, \beta_3, \beta_4$  — impact coefficients;

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- $\varepsilon$  — random error.

This model comprehensively assesses the factors affecting economic growth and determines their relative importance. The degree of correlation between indicators was also checked using correlation analysis. In the process of analysis, countries were divided into two groups: developed and developing countries. This made it possible to determine how the level of economic development is related to digital and green transformation. At the same time, there are some limitations of the study. In particular, the lack of complete digital and green indices for some countries and methodological differences may create certain limitations in generalizing the results. Therefore, the results were interpreted based on a comparative and analytical approach.

### Results and Discussion

The formation of the modern world economy has historically gone through several stages, and the current period is characterized as a new stage of this development - digital and green transformation. Analysis shows that today the world economic system is moving from a traditional industrial model to an innovative and sustainable development model. During the first stage - industrialization, economic growth was mainly determined by the volume of production, labor and capital factors. During the second stage - globalization, international trade, capital movements and transnational companies became the main drivers of the world economy. The current third stage is characterized by digital and green transformation, forming a qualitatively new model of economic development. Analysis shows that the digital economy is fundamentally changing the participation of countries in the world economy. Countries with developed digital infrastructure are occupying high positions in global value chains, gaining advantages in the export of services, technological innovations and the production of high-value-added products. For example, countries such as the United States, South Korea, and Singapore have successfully implemented digital

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transformation and accelerated economic growth. At the same time, the green economy is playing an important role in the sustainable development of the world economy. European Union countries, in particular Germany and the Netherlands, are achieving economic efficiency while reducing negative environmental impacts through the development of green energy and environmental technologies. This shows that green transformation is not a contradiction to economic growth, but a supporting factor. For developing countries, digital and green transformations are two-way. On the one hand, these processes create new opportunities - for example, entering the global market through digital technologies, increasing economic stability through green investments. On the other hand, technological shortcomings, limited financial resources, and institutional problems can slow down these processes. These trends are also observed in the case of Uzbekistan. In recent years, the country has taken important steps to develop the digital economy, digitize public services, and support the IT sector. At the same time, the process of economic diversification is intensifying through the development of solar and wind power plants in the green energy sector. However, the analysis shows that in order to further strengthen the country's participation in the global economy, it is necessary to expand digital infrastructure, increase innovation capacity, and develop green financial instruments. In general, the results show that the new stage of the modern world economy - digital and green transformation - is becoming a key factor determining the level of economic development of countries and their place in the global system. In particular, the harmonious development of these two areas plays a decisive role in increasing the competitiveness of countries.

### Conclusions and Recommendations

The results of this study showed that the modern world economy is entering a new stage of its development - the era of digital and green transformation. Although traditional economic development factors retain their importance,

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today digital technologies and the principles of sustainable development are becoming the main drivers of economic growth. The analysis confirmed that the stages of the formation of the world economy historically include periods of industrialization, globalization and modern transformation. Especially at the current stage, the harmonious development of the digital economy and the green economy is becoming a key factor determining the level of economic development of countries and their place in the global system. Digital transformation allows countries to increase economic efficiency, access new markets and opportunities, and actively participate in global value chains. At the same time, the green economy creates a solid foundation for long-term economic development by ensuring environmental sustainability. The results of the study show that the integration of these two areas is crucial for increasing the competitiveness of countries. The experience of developed countries shows that through the development of digital infrastructure and support for green investments, economic growth is ensured at a stable and high-quality level. For developing countries, this process creates new opportunities, as well as certain problems, in particular, technological gaps, lack of financial resources and institutional constraints. In the case of Uzbekistan, significant positive changes are also observed in the direction of digital and green transformation. However, in order to further strengthen the country's participation in the global economy, it is necessary to comprehensively develop these areas.

On this basis, the following practical recommendations have been developed:

1. Development of digital infrastructure - encouraging increased economic efficiency through the widespread introduction of artificial intelligence, fintech and digital platforms;
2. Acceleration of the transition to a green economy - increasing investments in renewable energy sources and developing green technologies;
3. Human capital development — supporting economic transformation by training personnel with modern knowledge and skills;

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4. Deepening institutional reforms — improving the investment climate and stimulating innovative activity;

5. Strengthening global integration — expanding international economic relations and actively participating in global value chains.

According to the forecast, if countries can harmoniously develop digital and green transformations, economic growth rates in the coming years may be more stable and higher. In particular, the effective implementation of these factors in developing countries will allow to increase economic growth by an additional 0.5–1 percentage points. In general, the future development of the modern world economy depends on the balance between digital innovation and green sustainability, and countries that are able to harmonize these factors will occupy leading positions in the global economic system.

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