

MANAGEMENT OF MULTILATER HOUSES BY MANAGING ORGANIZATIONS

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ABSTRACT:

The article analyzes the provision of public utilities by apartment management organizations, the activities of management organizations, the advantages and disadvantages of this method, practical recommendations for overcoming existing problems in public utilities and ways to organize and improve the activities of management organizations.

KEYWORDS: management organization, activities of organizations managing apartment houses, method of management by the management organization, criteria for evaluating the method of management, management advantage, lack of management.

INTRODUCTION:

Unlike the management system of apartment owners' management companies, their legal status is different, ie if the homeowners' association is a legal non-profit organization, the managing organizations are: joint-stock company, limited liability company, individual operating as a legal entity. may be organized in the forms of a business entity.

Today in our country the method of management through the organization of management of apartment houses is becoming more widespread. This management method has its own characteristics. In particular, apartment owners often enter into an apartment management agreement with the management organization. At the same time, the main feature of the utility reform is that

homeowners will have the right to choose with which organization to sign a contract at a meeting with their participation, which will help to create competition and improve the quality of utilities.

MAIN PART:

In modern conditions, the development of housing and communal services is intensifying investment activities. Active investment projects can not only update the material and technical base of the industry, and accordingly improve the quality of services provided, but also reduce budget expenditures, promote competition, create new jobs, improve living standards.

I.V.Bychkovsky, Y.V.Isakov, M. S. Rumyantseva, S. B. Sivaev [2] revealed the order of operation, management advantages and disadvantages of the management organizations of public utilities for apartment houses.

According to S.A.Shulepina, "In the modern market of homeowners, the organization of housing and communal services is the most complex form of organization of relations for the provision of housing and communal services, whose activities are mainly aimed at ensuring the living conditions of citizens in apartment buildings" [3].

D.M.Desyatov said, "Demonopolization and development of a competitive environment are the most important structural elements of the development of housing and communal services in a market economy. This mechanism is important in reducing irrational costs,

increasing the efficiency of financial resources and increasing the competitiveness of management companies”[4].

D.B.Laptev and O.M.Mogilevets “Unfortunately, the unfair work of management companies servicing multi-storey buildings has become commonplace in our time. Relevant state and municipal authorities have been receiving numerous complaints from homeowners in high-rise buildings, which are evidence of numerous frauds in the housing and utilities sector. Housing and communal services remain the most problematic. In addition, apartment owners do not have effective ways to manage the monthly payments made by management companies”[5].

G.G.Loginova explains, “Regulated management of apartment buildings allows property owners to choose a management method that ensures the quality and timeliness of utilities and other services provided to them, as well as the correctness of their costs. Professional management companies are expected to become the main organizational structure for this type of activity. The activities of the management company should include providing comfortable and safe living conditions for citizens, the use and proper maintenance of the common property of the multi-storey house, the provision of public utilities. Recently, the federal executive bodies have adopted a number of legal, normative and methodological acts regulating the activities of management companies. Their analysis shows that these documents do not pay enough attention to the investment activities of management companies.

The main initiative in the development and implementation of investment projects should be, firstly, management companies that are closely linked to the needs of homeowners, and secondly, actively cooperate with municipal authorities in their activities” [6].

According to V.V.Govdya and S.A.Shulepina, “The existing difficulties in all areas of housing and communal services have caused problems in the activities of management organizations:

- Failure to take responsibility for the management and control of the owners of multi-apartment residential buildings;
- Readiness of the existing infrastructure to establish market relations;
- The consumer does not understand the investment nature of the payment for housing and communal services, as well as the consumer;
- Decrease in the percentage of collection of payments for housing and communal services due to consumer dissatisfaction with the amount and tariffs for housing and communal services, the deterioration of the quality of services provided and the lack of an approved mechanism for debt repayment;
- The need to constantly increase tariffs due to a 60% increase in engineering networks and communications.

In the current crisis, the financial and economic activities of organizations providing housing and communal services should be aimed at achieving the following goals:

- Achieving profitability of the management organization in the provision of quality services;
- Ensuring control over the use of funds for the provision of housing and communal services to consumers” [7].

Article 138 of the Housing Code of the Republic of Uzbekistan “On the management of the housing stock” [1] and article 8 of the law “On the management of apartment houses” [8] “Method of managing an apartment house” article 27 and article 29, “Report of the managing organization or manager”, but these Laws do not specify the procedures for accounting of managing organizations. However, article 45 of the law on Management of Apartment Buildings, entitled “Powers of the

Company's Management", stipulates that "office work, accounting and reporting, accounting of income and expenditure of funds shall be kept separately for each apartment building in the company." However, there are requirements for accounting in companies, not managing organizations, and the Housing Code of the Republic of Uzbekistan, in general, does not provide any basis for accounting in their management of apartment buildings.

True, this can be stated in the by-laws, but so far no such by-laws have been prepared, in our opinion, it is expedient to establish in the above laws the procedure for accounting in the management of apartment buildings.

A governing body is a commercial organization whose primary purpose is to make a profit. At the same time, it should be noted that the governing body is responsible for customer service. In general, the management organization acts as an organizer of the relationship between the specialized organizations as a specific intermediary, i.e. it represents the interests of the residents in relation to the specialized organizations.

In other words, the management organization works to ensure the quality and reliability of housing and communal services: ensures the conclusion of contracts with resource providers, is responsible for the quality of utilities provided to the population, receives consumer complaints and appeals to the relevant executive body and performs other duties.

The income of the managing organization is only the income from the provision of services for the management of apartment buildings, all other funds are the income of specialized organizations. Revenues from the provision of services related to the management of apartment buildings account for the largest share in the revenue structure of the management organization. The owners of the premises will receive additional income from

the management organization, while in-house repairs and other services.

Article 8 of the law on Management of Apartment Houses, approved by the Senate of the Oliy Majlis of the Republic of Uzbekistan on October 11, 2019, entitled "Method of apartment house management" states that "by a managing organization that is a legal entity or by a manager who is an individual (individual entrepreneur) can be done on a contractual basis"[8]. It is expedient to divide them into the following groups:

- Management companies in the form of a limited liability company;
- State Unitary Enterprises "Repair and Restoration";
- An individual entrepreneur operating as a legal entity;
- Construction companies in the form of a limited liability company;
- Management companies in the form of joint-stock companies;
- Other business entities.

If the owners do not decide on the method of management of apartment houses within a certain period of time, the management of these houses is selected on the basis of an open competition in accordance with article 22 of the Law of the Republic of Uzbekistan "On management of apartment houses". The territorial subdivision of the Ministry of Housing and Communal Services of the Republic of Kazakhstan conducts an open competition to select a managing organization or manager for the management of an apartment house [8].

The governing bodies are commercial companies, i.e. their main goal is to make a profit and, of course, to make a profit in the housing sector only at the expense of the owners. However, this benefit may also be obtained by providing them with the costs incurred, or in return for services not provided in full in various illegal ways. This leads to an increase in the level of risk and the emergence of conflicts

such as conflicts of interest. This is due, firstly, to the fact that the reports of many governing bodies are not public, and only the founders and

managers can control their activities in real terms.

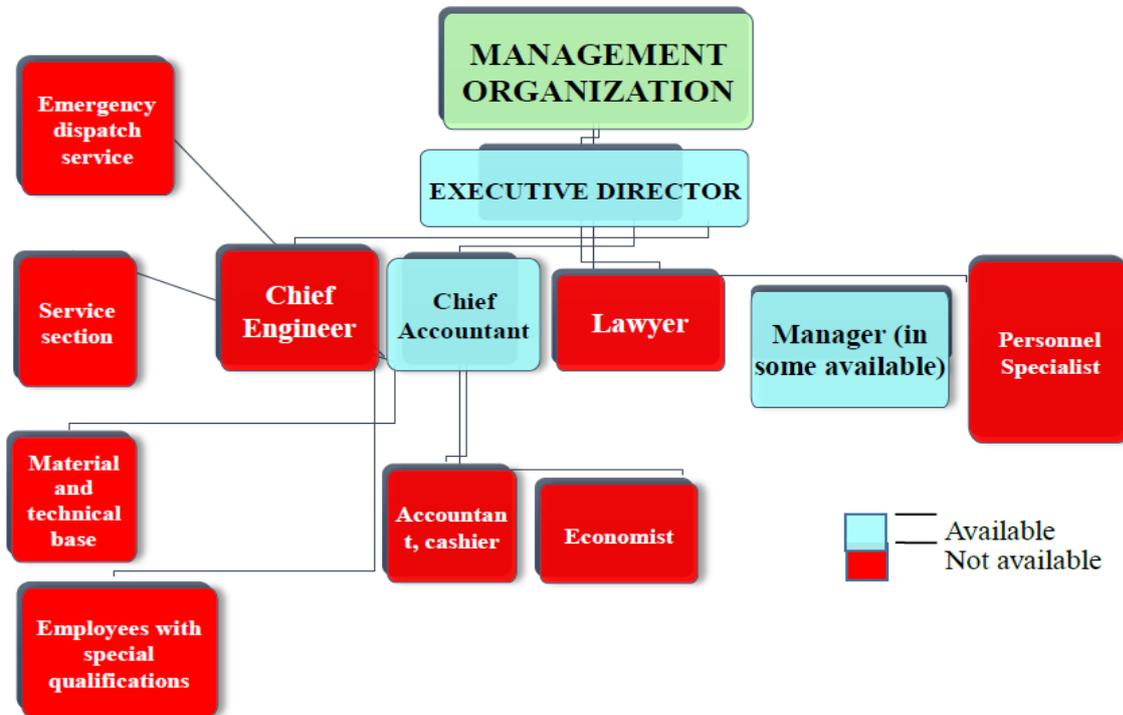


Figure 1. Existing problems in the management of governing organizations in Uzbekistan

Second, the minimum amount of authorized capital and the lack of compulsory insurance of the funds entrusted to the governing body and the risky nature of the activities do not guarantee that the property provided by the owners to manage their payments under “honest” and “good reputation” will be guaranteed. The ability to spend the rest for the benefit of the owners or not will also remain in the hands of the management company.

Third, the possibility of a short-term relationship with a management company limits the prospect of long-term planning, and landowners are viewed with suspicion that their funds are formed on the accounts of a commercial company that is not controlled by them.

Thus, the criteria for evaluating the method of management in the selection of a

commercial management organization on the above criteria are as follows:

- From the point of view of services, in the opinion of the legislators, this method will be effective only if the management organizations perform their work at a professional level, with all the necessary resources. However, it is also likely that the number of landlords who consciously agree to excessive costs to invite professional organizations will not be large. For the majority of citizens of our country, the cost of housing and communal services - a conscious choice is the main and important criterion;
- The general implementation of this method of management is more related to the tradition and inertia of the people than to the recognition of its advantages in real life. The application of this method at the legislative level is also conditional on its strengthening;

- Protection of the interests of landowners, which can be managed by the management organization, may be much lower due to the inability of landowners to control the activities of an external private organization, the lack of a guarantee system and underdeveloped liability insurance in this sector. ;

- Accounting data of accounts for maintenance and repair of common property and accounts for housing and communal services are not open to owners. In addition, the contents of the accounting registers constitute a trade secret, so for the owners, the surpluses and profits received by the management company from their accounts are not strictly controlled.

There are the following advantages and disadvantages of managing apartment buildings by management organizations:

ADVANTAGES:

- exemption of property owners from worries related to home management;
- the specialists of the management organization perform the required set of work more professionally than the tenants;
- the employees of the management organization first carry out the necessary work (for example, repair of wires, etc.) and only then collect the required amount of funds from the household;
- all services are provided by qualified staff;
- utility bills are much lower than other management methods;
- quality control of services by control bodies;
- the management cost is usually reasonable, it is also suitable for small houses;
- tenants do not pay other people's debts;
- Place owners spend minimal time solving problems at home (attending general meetings at least once a year is sufficient).

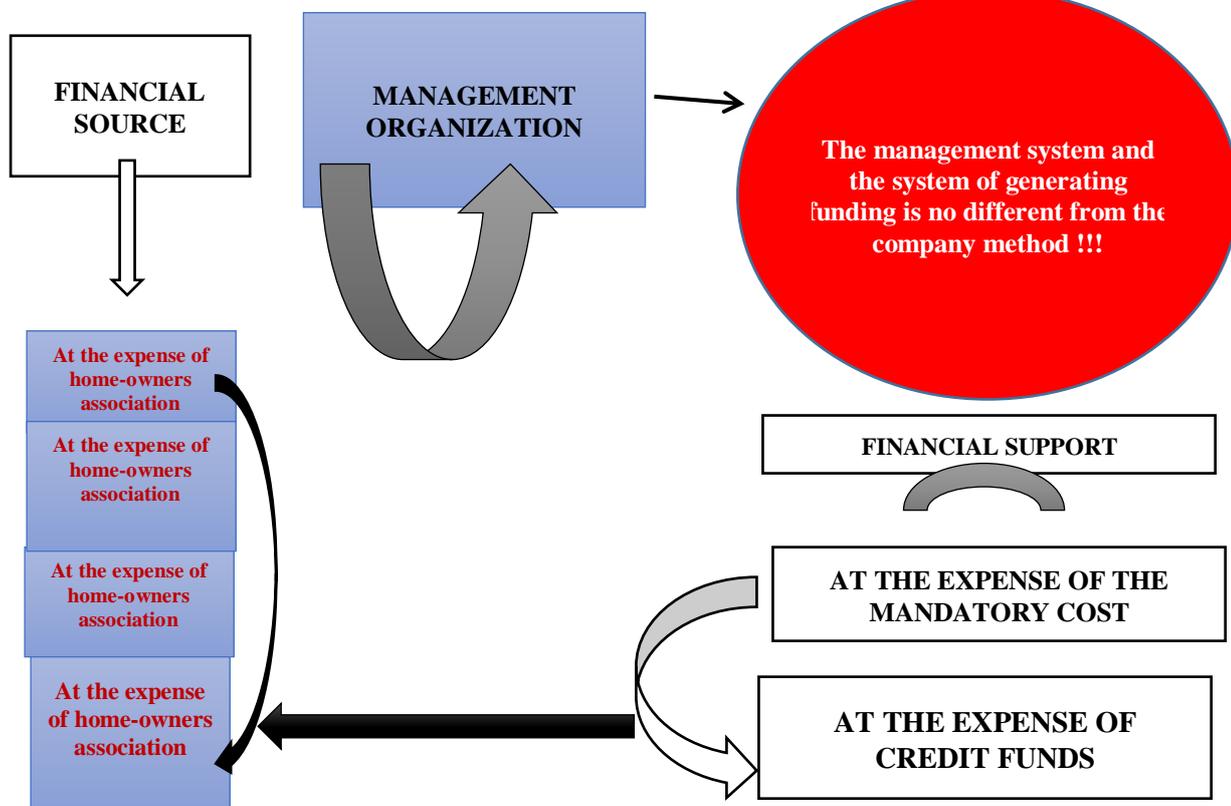


Figure 2. Financial condition of management organizations in Uzbekistan

DISADVANTAGES:

- In most cases, the employees of the governing body do not live in serviced houses, so they are not interested in solving problems quickly;
- Lack of full control over current expenditures;
- Possible overcharging of services and delays in their delivery;
- Lack of cash flow transparency;
- There is a risk of intentional bankruptcy;

- The governing body often chooses what to spend the money on, and this is not always to the liking of the population;
- The management organization usually does not agree with the tenants on the management of the house, as there is a possibility that the tenants will not pay for the work and services on time;
- Lack of accurate information on the expenditure of funds to the owners of the premises, etc.

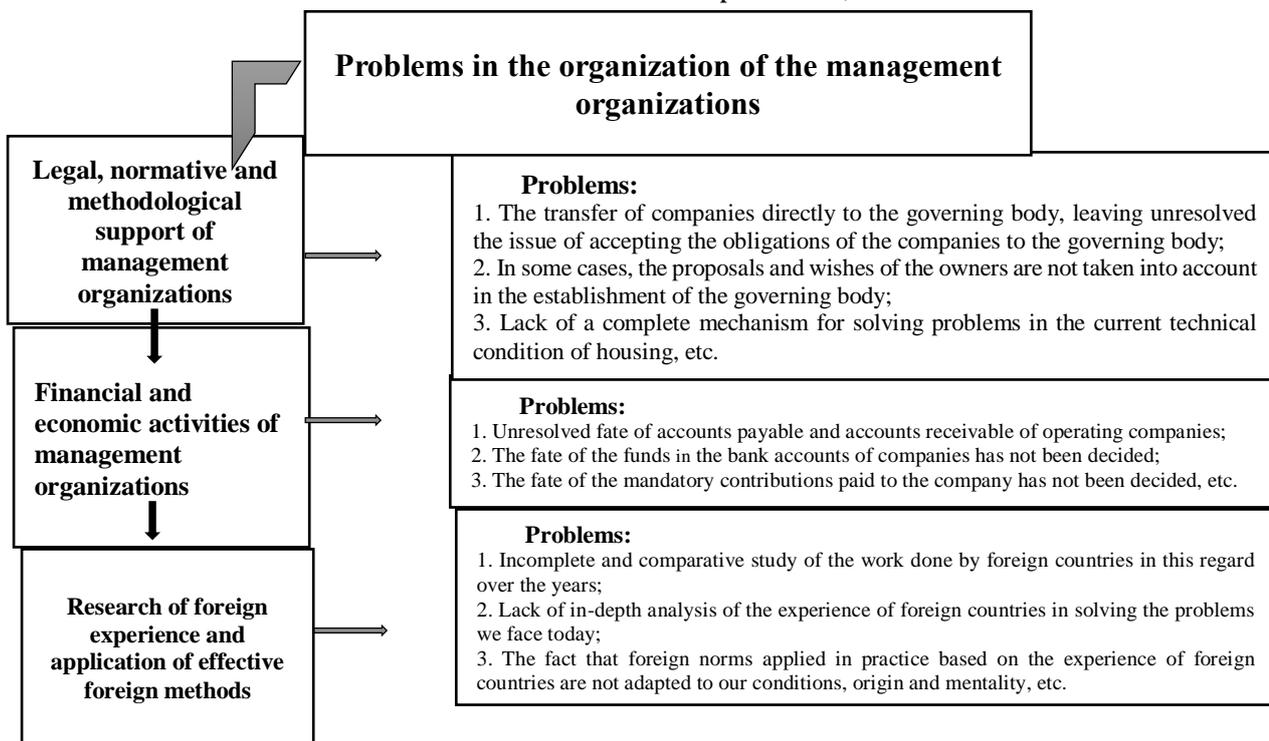


Figure 3. Problems of organization of management organization in Uzbekistan

In general, this method is more effective than the direct method, but not reliable. Thus, we have two opposites, and it seems necessary to have some kind of “average” between them, which generalizes the advantages of both methods and compensates for the disadvantages. Such a mixed method of managing multi-apartment houses requires that its occupants be sufficiently cohesive.

The qualitative characteristics of accounting also differ in different ways of managing an apartment building. The highest quality of accounting information occurs when

the best conditions are created for the account to be as reliable, efficient and up-to-date as possible.

Among the shortcomings of the management method of the apartment house management organization are the large number of persons responsible for housing and communal services to the landlords, the misallocation of responsibilities among them, the dispersal of the owners in the management of common property, the constant the need for participation, etc. For example, which organization should be responsible for the

water supply problem; an organization directly involved in hot and cold water supply or an organization responsible for the condition of the pipes in the house?

The concept of governing bodies in the field of housing and communal services is almost a novelty. The term is formed in the context of the reform of the privatization of housing and communal services, in other words, the governing body assumes the functions of customer service, ie professional management of apartment buildings and the provision of utilities to landowners. is on its way.

MATERIAL METHOD:

During the preparation of the article, a systematic approach to the analysis and generalization of the activities of management organizations that manage apartment buildings and their utilities, a comprehensive assessment, as well as an analysis of the advantages and disadvantages of this method.

CONCLUSION:

Based on the goals and objectives of the reforms in the field of public utilities, the managing organizations are legal commercial organizations established on the basis of the current legislation. However, the fact that the name has the status of a legal entity indicates that the organization is a management company, as well as the fact that the charter states that it operates in the field of apartment building management is not a basis for recognizing the organization as a management company.

The governing body will have the status of a governing body only if it is elected at the general meeting of homeowners located in apartment buildings, and it will begin to carry out its activities.

Thus, the legislature has set specific requirements (restrictions) for the activities of

commercial organizations in the field of housing management.

We would like to make the following proposals to address the existing problems in the application or organization of this method in Uzbekistan today:

1. Complete formation of state units of management organizations and involvement of qualified specialists;
2. Disclosure to local landowners of the procedure for the operation of management organizations and the advantages of this method by the territorial departments of public utilities;
3. Disclosure of funding sources and creation of a legal framework for all types of management organizations to have a fully current tangible assets and material and technical base;
4. The fact that the liabilities and accounts payable of the previous companies are now the responsibility of the governing bodies;
5. The fact that the governing bodies are not in their status but still operate in a corporate way of managing housing;
6. Sources of financing of management organizations are mainly collected from the landowners by the companies that are part of them;
7. Lack of clear regulation of accounting and accounting policies of management organizations;
8. Obtaining additional loans from commercial banks without full repayment of accounts payable of previous companies;
9. Involvement of some established governing bodies in the maintenance of multi-apartment houses by local authorities and self-governing mahalla assemblies without introducing them to landowners;
10. Lack of legal guidelines by the Government or the Ministry of Housing and Communal Services on the organization of direct management of apartment houses, management

by homeowners' associations and management methods by management organizations, etc.

The analysis shows that all methods other than management through a management organization are almost free and aimed at ensuring the interests of residents. Management by the governing body is, on the one hand, to ensure the interests of the owners and, on the other hand, to ensure that the organization benefits from its activities. It should be noted that until recently, the prices / tariffs for the maintenance, use and repair of housing have been regulated by the state at the legislative level. Today, the amount of payment for the maintenance, use and repair of housing is determined by a majority vote at the meeting of the owners. Thus, the transition to a competitive market in the field of housing and communal services is underway. The main purpose of housing and communal services is to provide comfortable living conditions for the population. The management of multi-apartment houses is one of the main directions of the network closest to the consumer, i.e. it is important in the housing sector. According to the current concept, housing and communal services combine the housing and communal sectors of the urban economy and, as a result, require the emergence of a specific structure of this sector.

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