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# Organizational and Economic Analysis of Homeowners' Associations and Property Management Companies: Evidence from Uzbekistan

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**Abstract:** This study investigates the organizational and economic performance of homeowners' associations (HOAs) and property management companies (MCs) operating within the residential housing sector of Uzbekistan. The primary objective is to evaluate institutional efficiency, financial governance, and service delivery capacity across both organisational forms in the context of ongoing post-Soviet urban reforms. A mixed-methods research design was adopted, combining quantitative panel data analysis covering 312 HOAs and 94 MCs across five Uzbek regions (2023-2025) with qualitative semi-structured interviews involving 48 housing sector practitioners. Secondary data were sourced from the Ministry of Housing and Communal Services of Uzbekistan, regional statistical offices, and audited annual reports. Comparative performance indicators were constructed using principal component analysis (PCA) and descriptive statistics. The study introduces a composite Organisational Performance Index (OPI) calibrated to transition economies, extending institutional economics frameworks to Central Asian housing governance contexts that have been underexplored in the international literature. The results support targeted policy interventions including mandatory financial literacy programmes for HOA boards, professionalisation standards for MCs, and a graduated subsidy mechanism for low-income housing associations. The study is geographically bounded to five Uzbek regions and may not fully represent rural or peri-urban contexts. Future research should incorporate longitudinal experimental designs and extend the comparative framework to other Central Asian transition economies and exceed the limits permitted by global health standards, especially in children's toothpastes.

**Keywords:** Homeowners' associations, property management companies, housing governance, institutional economics, transition economies, Uzbekistan, organisational performance.

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## Introduction

The governance of residential housing in post-Soviet transition economies represents one of the most complex institutional challenges of the contemporary urban reform agenda. As countries across Central Asia pursue market-oriented restructuring of their housing sectors, the performance gap between traditional community-based homeowners' associations (HOAs) and professionally managed property management companies (MCs) has emerged as a focal point of both policy concern and scholarly inquiry [1]. Uzbekistan, which has undergone rapid

urbanisation and a significant expansion of its housing stock since independence, provides a particularly instructive laboratory for examining how these two organisational forms compete, coexist, and evolve under conditions of institutional transition [2].

The housing sector in Uzbekistan is characterised by a dual structure inherited from Soviet-era governance: collective ownership of common property coexisting with individual apartment ownership. Since the privatisation campaigns of the 1990s, the share of privately owned dwellings has grown steadily, reaching approximately 81.9% by 2022 according to data from the Ministry of Housing and Communal Services. This transformation has placed HOAs non-profit associations of apartment owners at the forefront of communal property management. Yet the capacity of these bodies to fulfil their mandated functions effectively remains severely constrained by inadequate legal frameworks, low institutional capacity among elected board members, and persistent underfunding [3].

Against this backdrop, private and semi-private MCs have expanded rapidly in Uzbekistan's major urban centres. Unlike HOAs, MCs operate on contractual, commercially oriented arrangements, employing professional staff and maintaining more formalised organisational structures. Proponents of the MC model argue that professional management delivers higher-quality services, greater transparency, and more efficient capital allocation. Critics, however, raise concerns about equity of access, cost escalation, and accountability deficits when commercial interests override community welfare [4].

Despite the policy relevance of these contrasting governance models, comparative empirical research on their organisational and economic performance within Central Asian contexts remains sparse. The bulk of existing scholarship on HOA and MC performance draws on evidence from Western Europe, North America, and East Asia, where institutional conditions, legal traditions, and property rights frameworks differ substantially from those prevailing in Uzbekistan and neighbouring economies. This knowledge gap limits the ability of policymakers and practitioners to make evidence-informed decisions about housing governance reform [5].

The present study addresses this gap through a systematic comparative analysis of HOA and MC performance across multiple organisational and economic dimensions. We examine financial governance, service delivery responsiveness, resident satisfaction, and compliance with regulatory requirements, drawing on a dataset constructed from official statistical sources, audited annual reports, and primary fieldwork conducted between 2021 and 2023. In doing so, we seek to contribute both to the theoretical literature on institutional performance in transition economies and to practical debates about how Uzbekistan's housing governance reforms should proceed [6].

The paper proceeds as follows. Section 2 describes the research methodology and data sources. Section 3 presents the main empirical findings, including descriptive statistics and comparative performance assessments. Section 4 offers a detailed discussion of the findings in relation to existing theoretical frameworks and their policy implications. Section 5 concludes with a summary of key insights and directions for future research [7].

### **Methodology**

This study adopts a mixed-methods research design that integrates quantitative analysis of panel data with qualitative insights drawn from semi-structured interviews. Such an approach is particularly well suited to investigating complex organisational phenomena in transition economy contexts, where secondary data quality is often variable and interpretive depth is essential for understanding institutional dynamics.

The quantitative component draws on an unbalanced panel dataset covering 312 HOAs and 94 MCs operating across five administrative regions of Uzbekistan Tashkent City, Tashkent Region, Samarkand Region, Fergana Region, and Bukhara Region over the period 2023-2025. These regions were selected to capture variation across urban density, economic development levels, and housing stock characteristics. Secondary data were sourced from three primary repositories: (1) the State Statistics Committee of Uzbekistan, which publishes annual housing sector indicators at the regional level; (2) audited annual financial reports submitted by HOAs and MCs to regional housing authorities under Resolution No. 411 of the Cabinet of Ministers; and (3) inspection records maintained by the Ministry of Housing and Communal Services.

Six composite performance indicators were constructed to enable systematic comparison across organisational types. These indicators cover financial transparency, resident satisfaction, maintenance response time, budget utilisation efficiency, governance compliance, and annual capital expenditure. Where raw data required normalisation, a min-max scaling procedure was applied to ensure comparability across indicators with differing measurement units. A principal component analysis (PCA) was subsequently conducted to derive an Organisational Performance Index (OPI) that captures overall performance as a weighted composite of the six dimensions.

The qualitative component comprised 48 semi-structured interviews conducted between March and September 2023 with HOA board members (n = 18), MC directors and operations managers (n = 14), regional housing authority officials (n = 9), and resident representatives (n = 7). Interviews were conducted in Uzbek and Russian, audio-recorded with informed consent, and subsequently transcribed and translated. Thematic analysis following the framework method was used to identify recurring patterns, tensions, and explanatory mechanisms that complement and contextualise the quantitative findings. All interview data were anonymised in accordance with research ethics protocols approved by the Tashkent State University of Economics Institutional Review Board.

### Results

The following table presents the structural development of the HOA and MC sectors in Uzbekistan between 2019 and 2022, drawing on official data from the State Statistics Committee of Uzbekistan and the Ministry of Housing and Communal Services. It captures growth trends in the number of registered organisations, total managed housing stock, and average financial indicators that serve as the quantitative foundation for subsequent comparative analysis in this study [8].

**Table 1.** Structural Development of HOAs and MCs in Uzbekistan (2022-2025).

Indicator	2022	2023	2024	2025
Number of HOAs (units)	4,812	5,104	5,436	5,891
Number of MCs (units)	312	387	451	524
Total managed housing stock (million m <sup>2</sup> )	38.4	41.7	45.2	49.8

Indicator		2022	2023	2024	2025
Average monthly maintenance fee (UZS/m <sup>2</sup> )		1,850	2,100	2,450	2,980
Share of privatised apartments (%)		78.3	79.1	80.4	81.9
HOA budget execution rate (%)		61.2	63.8	66.5	69.3

Source: State Statistics Committee of Uzbekistan (2023); Ministry of Housing and Communal Services Annual Report (2025); Author's own calculations based on regional housing authority data for five study regions (Tashkent City, Tashkent Region, Samarkand, Fergana, and Bukhara).

Table 2 below presents the comparative performance indicators for HOAs and MCs derived from the mixed-methods analysis. Mean scores and standard deviations are reported for each of the six performance dimensions that constitute the Organisational Performance Index, enabling direct comparison of central tendency and variability between the two organisational forms across the study period [9].

**Table 2.** Comparative Performance Indicators: HOAs vs Management Companies (2023-2025).

Performance Dimension	HOA Score	Mean MC Score	Mean Std (HOA)	Dev Std (MC)	Dev
Financial transparency index	3.42	4.18	0.87	0.63	
Resident satisfaction (1–5)	3.11	3.89	0.94	0.71	
Maintenance response time (days)	6.8	3.2	2.31	1.14	
Budget utilisation efficiency (%)	64.7	78.3	8.42	6.17	
Governance compliance score	2.98	4.05	1.02	0.58	
Annual capital expenditure (UZS mln)	18.4	47.6	9.13	14.21	

Source: Author's primary survey data ( $n = 48$  interviews, 2024); audited financial reports of sampled HOAs and MCs (2023-2025); composite scores constructed via principal component analysis applied to normalised indicators from Ministry of Housing and Communal Services inspection records and regional statistical office datasets.

### Discussion

The empirical results presented in Tables 1 and 2 yield a consistent and unambiguous pattern: MCs outperform HOAs across every dimension of organisational and economic performance measured in this study. This finding, while intuitive from a theoretical standpoint, carries important nuances when interpreted through the lens of institutional economics and the specific developmental context of Uzbekistan's transitional housing sector. The following discussion situates these results within broader theoretical debates, interrogates the mechanisms driving performance differentials, and examines their implications for governance reform [10].

The superior performance of MCs on governance compliance (4.05 vs 2.98) and financial transparency (4.18 vs 3.42) reflects fundamental differences in the institutional architecture of the two organisational forms. HOAs in Uzbekistan operate as democratically governed non-profit bodies in which board members are elected by residents and typically serve without remuneration. While this structure confers democratic legitimacy, it simultaneously generates well-documented governance challenges. As North (1990) observed in the context of institutional change more broadly, formal organisational rules do not automatically produce efficient outcomes when informal norms, enforcement mechanisms, and human capital constraints constrain compliance [11].

Interview data from this study corroborate this theoretical expectation. HOA board members frequently reported lacking the financial management expertise required to prepare accurate budgets, conduct procurement processes transparently, or navigate the regulatory reporting requirements mandated under Resolution No. 411. One regional housing authority official characterised the situation succinctly: most HOA boards are composed of retired residents who are committed but genuinely do not understand double-entry bookkeeping. This finding aligns closely with evidence from the Central Asian housing sector documented by Toshpulatov and Umarov (2021), who found that fewer than 28% of HOA board members in Tashkent had received any formal training in financial management [12].

By contrast, MCs operate under commercial incentive structures that create endogenous pressures toward professionalisation. Directors and operations managers are employed on performance-related contracts, and the competitive market for property management services while still nascent in Uzbekistan generates reputational incentives for service quality improvement. The lower standard deviation on governance compliance scores for MCs (0.58 vs 1.02 for HOAs) further suggests that professional management structures produce more consistent performance across organisations, reducing the wide variance that characterises the HOA sector [13]. This variance reduction is itself a governance gain of practical significance for residents seeking predictable service standards.

The gap in budget utilisation efficiency 78.3% for MCs versus 64.7% for HOAs warrants careful interpretation. At first glance, higher utilisation might simply reflect greater spending rather than greater efficiency. However, when contextualised against inspection data showing that MC-managed buildings exhibit significantly lower rates of deferred maintenance and emergency repair expenditure, the utilisation differential appears to reflect genuine improvements in capital planning and preventive maintenance scheduling. HOAs, by contrast, frequently report low utilisation rates not because they are prudent savers but because they lack the technical expertise to plan and execute capital projects within budget cycles. Funds appropriated for roof repairs or lift modernisation often remain unspent at year-end due to procurement failures, contractor disputes, or governance deadlocks among resident owners [14].

These findings resonate with the broader literature on housing finance in transition economies. Hegedus, Lux and Teller documented analogous patterns in post-socialist housing sectors across Central and Eastern Europe, where HOA-equivalent bodies consistently underutilised maintenance reserves due to coordination failures arising from collective action problems among co-owners. The Uzbek case adds to this comparative evidence base and suggests that the institutional constraints identified in European transition contexts persist with equal or greater force in Central Asian settings.

The substantial difference in annual capital expenditure UZS 47.6 million for MCs versus UZS 18.4 million for HOAs reflects in part the larger scale of MC-

managed portfolios, but also the greater access of MCs to commercial credit and long-term financing instruments. HOAs are legally prohibited from taking on debt secured against common property under current Uzbek housing law, severely restricting their capital investment capacity. Several interviewees identified this legislative constraint as a binding bottleneck for major renovation projects. This finding supports the policy recommendation advanced by Karimov and Nazarov for the introduction of a dedicated housing renovation fund accessible to HOAs on concessional terms, analogous to instruments deployed in Kazakhstan and Russia [15].

The differential in maintenance response time 3.2 days for MCs versus 6.8 days for HOAs has direct implications for resident welfare and property value preservation. Prolonged response times for routine and emergency maintenance requests not only reduce resident comfort but contribute to accelerated physical deterioration of building fabric, generating larger and costlier repair burdens over time. The resident satisfaction gap (3.89 vs 3.11 on a five-point scale) is consistent with the response time differential and suggests that residents perceive and value the operational advantages of professional management.

However, it is important not to conflate satisfaction with equity of access. Qualitative interview data reveal that MC-managed buildings in this study are disproportionately concentrated in higher-income urban districts where residents can afford higher maintenance fees. The average monthly fee in MC-managed buildings (approximately UZS 3,200/m<sup>2</sup>) exceeds the HOA average (UZS 2,980/m<sup>2</sup>) and represents a significantly larger share of disposable income for lower-income households. Yusupova and Ergashev (2023) have documented how fee affordability constraints in Tashkent's lower-income peri-urban districts effectively preclude uptake of professional management services, trapping residents in underperforming HOA governance structures regardless of their preferences.

This distributional dimension complicates a straightforward policy prescription in favour of MC expansion. While the performance data clearly favour the MC model on aggregate efficiency grounds, a market-led transition to professional management without accompanying equity safeguards risks deepening spatial inequalities in housing service quality across Uzbekistan's urban fabric. The policy challenge is therefore not simply to replicate the MC model at scale, but to identify which institutional features of professional management can be transplanted into reformed HOA governance structures at affordable cost.

Synthesising the quantitative and qualitative evidence, this study supports a reform framework organised around three complementary pillars. First, a capacity-building programme targeting HOA boards should be institutionalised at the national level, incorporating mandatory financial management training, standardised accounting templates, and digital reporting platforms that reduce the burden of regulatory compliance while improving data quality for oversight bodies. Second, the legal and financial barriers constraining HOA access to long-term capital should be addressed through the introduction of a national housing renovation fund, building on the models established in Kazakhstan and Russia while adapting them to Uzbekistan's fiscal and institutional context. Third, MC licensing and performance standards should be progressively strengthened, with graduated requirements linked to the scale and complexity of managed portfolios, to ensure that professional management serves diverse socioeconomic groups rather than exclusively high-income segments of the housing market. Together, these measures would address the root institutional deficiencies documented in this study without prescribing a single organisational model as universally superior. Context-sensitive pluralism in housing governance where HOAs and MCs coexist and compete under a strengthened regulatory framework is more likely to deliver

equitable and efficient outcomes than a policy strategy premised on replacing one model entirely with the other. The evidence from this study suggests that the performance gap between HOAs and MCs in Uzbekistan is substantially attributable to institutional and regulatory factors that are amenable to reform, rather than to inherent characteristics of community versus professional management that are fixed and immutable.

### Conclusion

This study has provided a systematic comparative analysis of the organisational and economic performance of homeowners' associations (HOAs) and property management companies (MCs) in Uzbekistan, drawing on a mixed-methods research design that combined panel data analysis, principal component analysis, and semi-structured qualitative interviews across five regions over the period 2019-2022. The empirical findings consistently demonstrate that MCs outperform HOAs across all six dimensions of the Organisational Performance Index constructed for this study: financial transparency, resident satisfaction, maintenance response time, budget utilisation efficiency, governance compliance, and annual capital expenditure. The MC advantage is most pronounced in governance compliance and financial transparency, where the performance differential reaches approximately 36% and 22% respectively, and in maintenance responsiveness, where MC-managed buildings resolve requests more than twice as quickly as HOA-managed counterparts. These performance differentials are attributable to identifiable institutional and structural factors: the absence of professional financial management capacity in HOA governance structures; legislative constraints that prevent HOAs from accessing long-term capital financing; weak enforcement of existing regulatory requirements; and the distributional concentration of MC services in higher-income urban districts. The introduction of the composite Organisational Performance Index represents a methodological contribution to the comparative housing governance literature that extends existing performance assessment frameworks to transition economy contexts underrepresented in mainstream scholarship.

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