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CONTEMPORARY CHALLENGES OF EXTREME MANAGEMENT FROM THE POINT OF VIEW OF DECISION MAKING

Abstract. In the extreme and unpredictable course of events, the usage of new methods and approaches to management decisions becomes crucial, and the permanent use of extreme management (extreme management) approaches becomes an urgent necessity – ensuring the company's advance readiness for expected changes, and immediate response to emerging extreme conditions. For this purpose, several important principles of quick decision-making and effective management of the organization have been elaborated in the paper, the use of which will improve the management of the company under extreme management conditions. Specific methods of extreme decision-making, recommendations for holding a meeting, and quantitative-probabilistic methodology of risk assessment are elaborated.

Keywords: Extreme management, management decision, management triad, risk, intuition, systematic creative thinking.

Introduction

In extreme situations other than current needs, successful business process management requires fast and efficient solutions. In the context of intensified competition and the global political and economic crisis, only such business organizations will prevail and maintain their activities, ready for new environmental challenges, clearly confirmed by the events during the Covid-19 pandemic [1]. Thus, the adoption of a quick and targeted management decision, which should ensure the management of a business process in unpredictable conditions, is a very urgent task.

Results and discussion: Extreme management is a special type of management that should be used mainly in non-standard situations of business process management when environmental conditions are not clearly defined, change rapidly, and are unpredictable in emergency situations and crises [2]. According to our clarification, extreme management

is a type of business management through which it is possible to quickly make non-standard emergency management decisions in conditions of increased risk, which are characterized by uncertainty and high-speed unpredictable dynamic changes [3].

Management decisions in risk management are made in conditions characterized by chaos, randomness, external uncertainty, and constant changes, with the urgency of making management decisions and their implementation [4]. In this case, the decisive role belongs directly to the strategic manager (CEO) of the organization and, in certain cases, to senior management [5].

It is impossible to offer a model approach and/or standard practical recommendations to the company's management in extreme management conditions. To implement extreme management, top management must be characterized by systemic and creative thinking.

The main goals of the company should be formulated in the form of a management triad: 1) profit, 2) creating a customer base, and 3) creating personnel [6].

From this point of view, strategic extreme management implies not only the management of material and technical resources and finances of the organization but, above all, the formation of a vision, mission, and goals of personnel activities, analysis of the macro and microeconomic environment, development of appropriate strategies, ongoing monitoring, and feedback.

Although it is believed that the main goal of the company is to make a profit, with a modern strategic approach, user/customer creation should be one of the main goals (Peter Drucker). Creating customers means creating new services and products that should attract customers, and “creating” personnel leads to the formation of a unified team that will be ready for creative and independent actions in a rapidly changing, unpredictable situation.

In extreme management, a special role belongs to the leader – the extreme manager. An effective extreme manager must possess certain qualities that may not be vital under normal conditions, but are crucial in extreme conditions. First, an extreme manager must be charismatic, which allows him to rally the team and incline it to solve complex problems.

An extreme situation means the risk of developing work in an undesirable direction, so an extreme leader must always be ready to work in conditions of increased risk. Therefore, on the one hand, he must master both rational and intuitive methods of risk assessment. If the organization does not have this type of extreme manager, in addition to the above skills, the company may fail in extreme conditions.

For business success, especially in extreme conditions, it is necessary to make quick decisions that are associated with certain risks.

Thus, the decision maker is faced with a dilemma – on the one hand, the decision must be made quickly, and on the other hand, making the best de-

cision can be associated with a huge investment of time. To overcome the dilemma, it is convenient to rely on a compromise option [7].

Perfectionism is one of the main obstacles to making quick and effective decisions because it is based on the extremely risky all-or-nothing requirement. According to this approach, the extreme manager must anticipate any contingencies and have a well-designed scenario for all cases before taking action. Considering all possible outcomes leads to paralysis of action – the endless improvement of the plan of action, which will lead to inaction, which will cause great damage to the company. Especially when you consider that one of the fundamental conditions for a successful business is the speed of decision-making. A quick decision does not have to be adventurous [8]. To avoid this situation, it is helpful to ask yourself the following question: which solution would be more convenient in terms of the company’s main priorities? Obviously, at this time, criteria should be presented that can be used to evaluate the usefulness of the solution. Such criteria can be gross income, net profit, the loyalty of partners and/or customers, loyalty of personnel to the company, ethical standards and social responsibility of the company, speed of obtaining results or sustainability over a long period, and much more.

Intuition works by comparing different examples – patterns. The brain studies the situation quickly evaluates your life experience and makes the best decision based on the given context. Experience shows that this automatic process is faster than rational thinking, which means that intuition is an important decision-making tool when time is short and traditional data is not available. Research has shown that combining intuition with analytical thinking helps managers make better, faster, and more accurate decisions. Managers trust their intuitive choices more than decisions based on intelligence alone. Thus, the manager must critically evaluate his intuitive abilities and not exceed his capabilities.

- Design creative constraints. According to Parkinson’s law, if we have a month to prepare

a presentation, it will take the whole month, but if we had only a week, we would finish the same presentation faster. In other words, managers often spend a disproportionate amount of time and effort. This tendency can be overcome with creative restraints. The manager must set a deadline and a time when he must make a decision.

- Other approaches to decision making. The best solution is to make a decision with the active involvement of all participants in the management process, such as the consensus method, voting methods, brainstorming, the Delphi method, scripting method, the Carnegie model, incremental model, the dustbin model, the Vroom decision model, and Yeaton. In general, under extreme conditions, a strategic manager is very tempted to use the so-called authoritarian model, when the leader chooses alternatives without agreeing with others [9].
- One of the fundamental possibilities for making a decision is to hold a meeting, which is of particular importance in conditions of extreme control.
- In the modern era, which is characterized by the rapid development of science and technology, and the increasing pace of economic development, any activity, including holding a decision-making meeting, requires special attention and focus on purpose and opportunities.

Methods of Quantitative-Probabilistic Risk Assessment. An extreme situation usually means the presence of a risk of a different nature and severity. So the extreme manager can make better decisions in risky circumstances, which is the principle of conscious risk. For this, it becomes necessary to assess the expected risk associated with making a decision [10].

The quantitative-probabilistic technique developed in the framework of this article will be useful for risk assessment in extreme conditions [11].

To assess the risk and make an appropriate decision, it is recommended to use a methodology that includes the following steps:

- Formulate the question in terms of risk management;
- Determine the success factors, the success of which ensures the success of the project – A_1, A_2, \dots, A_n , where n is the number of success factors; Determine the probability of occurrence of the mentioned success factors (P_1, P_2, P_3, \dots);
- For the success of the project, it is necessary that all these factors come together, which probably means a combination of the factors mentioned. Therefore, for our success $S = A_1 \& A_2 \& \dots \& A_n$.
- Calculate the probability of project success $P(S) = P(A_1 \& A_2 \& \dots \& A_n) = P_1 \times P_2 \times P_3 \times \dots \times P_n$;
- Calculate the risk of project implementation $P(R) = 1 - P(S)$
- Make a decision on the expediency of the project implementation by comparing the probability of success and risk and the cost of risk (material, financial, time, etc.).

Conclusion: In contrast to classical management, in extreme management, the main prerequisites for making management decisions are chaos, randomness, unpredictability, and constant changes in the external and internal environment of the organization. Uncertainty and unexpectedness arise in the process of development and implementation of the organization's development plans and programs. A sharp reduction of deadlines for making and implementing administrative decisions.

Decision-making under conditions of extreme management ultimately relies on a fundamentally new style of organizational management and thinking – this is systemic creative thinking, not limited to ready-made templates and standard practical recommendations.

Because extreme management is based on extreme actions, extreme management decisions are related to a high degree of risk. Therefore, its meth-

ods should include more creative and less traditional tools. Only with systematic creative thinking, it is possible to quickly make non-standard decisions in the shortest possible time using new tools and methods and organization effective management in constantly changing circumstances.

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