

# Chapter 7

## Crisis Management in the Public Sector: A Blended Use of “New Public Management” and “Systems Thinking”

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### ABSTRACT

*The practice and study of public administration has long included questions of efficiency and effectiveness in crisis management. There are some misunderstandings of the problems faced, like the recent global economic crisis from the public management perspective. These misunderstandings in the public sector may cause different perceptions of the crisis, which lead people and organizations to some misunderstandings and ineffective reactions of crisis management, which bring slower and ineffective results. In light of this rapidly changing environment, “new public management” requires quick, flexible, and adaptive decision making systems and structures. The aim of this chapter is to discuss the usage of “systems thinking” in “new public management” to provide a dynamic approach to crisis management. In that respect, a structural analysis of the global and local crisis and systems thinking modeling is discussed in the scope of crisis in the first section. In the second section, the relationship between new public management and systems thinking within crisis management in the public sector is studied. In the conclusion, the necessity of usage of the new tools and decision support systems by public management in crisis management is emphasized in light of the developments brought by New Public Management.*

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## **CRISIS, NEW PUBLIC MANAGEMENT, AND THE SYSTEMS THINKING**

Beginning from the second part of the 20th century, public management science has entered into a process of change comprehensively all over the world. The idea of “New Public Management” is the trend which had the highest share of this process of change in public management. From the mid 1980s, this process caused important changes in the management systems of the countries where the public sector was improving, and the conventional public management began changing from its strict, hierarchic and bureaucratic feature to a flexible and marked-based one.

The idea of new public management in the management of public institutions and organizations which are described as expensive, inaccurate, slow, and ineffectual as public service management (Bilgin 2008) reflects a new paradigm change. This idea focuses on public management on the axis of civilian government approach (Akbulut, 2007), which stresses to ensure the participation of governance with the good relationships between manager and subordinate focusing on the production of goods and services according to demands of target group and what, how and what extent needs to be done by the government within the framework of liberal principles (Sezen, 2009). It also emphasizes the flexibility of public personnel regime (Aslan, 2005). The processes are coming into question that in the public sector crisis management with the global recurring crisis, quick decision making, gaining more flexible structure to management and, for the purpose of creating structure to meet the social demands that are shown up by changing and developing conditions and, public management is expected to bring similar applications like in the business management (Hughes, 2003; Adams, 2000; Barzelay, 1992). In this study, “systems thinking” is examined as the supplementary approach to meet the requirements of the idea of “new public management”

and especially with the global economic crisis, systems thinking, creating quick, participative and flexible decision structures more needed in crisis management and their benefits are also examined.

As quoted, “The religions have sins and the capitalism has crises!” So, the governments should consider anticipating crisis/problems and being ready for them as normal activity. Crisis is normal and has repeated globally after a certain swelling and expansion period since 18th century. The main question is who the guilty of the crisis and who in charge of the crisis is? Today, appropriate conditions for a better crisis management are impossible for the public management. The need increases day by day for the organization structures and management approaches that can see the whole structure, give emphasis on mutual dependencies, improve ability to adapt, learn from mistakes and not repeat them, highlighting the common mind, speak the common organization language, improving by learning.

Experts indicate that almost 150 economic crises have been up to now and they have been identified differently and precautions have been then taken. In this context, in public management, it can be seen that socio-cultural structures which includes leadership and organizational culture are getting more importance in addition to deterministic issues like numbers, reports and technical projects. Anymore, it is a fact admitted by all economists that there is a need for the strong leadership that can establish internal and external trust and organizational culture that can sustain the management in all conditions. Linear and deterministic approaches which focus numeric data are not enough to understand and establish these structures. As the legendary CEO of GE Jack Welch said “the numbers are not the vision, they are products”, as Slater (2004, p. 23) was quoted.

In this context, it will be wrong to say it is because of the economic and financial variables that cause the economic crisis at home and all the world. Furthermore, crises have many sides that are nonlinear, causative, including psychological

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