



## Public Sector

*Thus it happens in matters of state; for knowing afar off (which it is only given a prudent man to do) the evils that are brewing, they are easily cured. But when, for want of such knowledge, they are allowed to grow so that everyone can recognize them, there is no longer any remedy to be found.*

Niccolò Machiavelli

**Public sector** is a specific part of an economy, it is a part of the service sector or tertiary sector.

The core of public sector is public administration, which is made up of system of offices with central office or territorial competence. In addition to public administration, there are other organizations that provide public services (e.g. hospitals, schools, social care homes, etc.) financed with public finance. The public sector differs from the private sector mainly in that which is not based on profit-oriented, and funds for its operation are obtained from public budgets that are realized through taxes. Part of the public sector are those types of services that would be onerous, impractical or even impossible to provide on a commercial basis. In the public sector through taxes there is no direct relationship between the service user (taxpayer) and the provider.

Public sector includes various branches of public services (according to COFOG classification):

- › General public services (Public administration)
- › Defence
- › Public order and safety
- › Economic affairs
- › Environmental protection
- › Housing and community amenities
- › Health
- › Recreation, culture and religion
- › Education
- › Social protection

Key outcome of the public sector are public services, so in terms of management for all organizations belonging to the public sector, management services provided are crucial especially for public services. However, given the diversity of the public sector, all management fields are applied except manufacturing.

In connection with the public sector, economic theory uses the concept of public goods. Public goods are one of the characteristic products of the public sector, respectively public administration. However, not all public services are public goods - the **public sector** can also provide private goods.

**The principle of public sector management** is as follows:

- › From the public (people) comes public power, there is public interest. **Public finance** (public budgeting system) and **public ownership** is based on taxes and fees generated.
- › Everything mentioned is a prerequisite for the functioning of the public sector producing public services. Public administration controls the other components of the public sector and also regulates the behavior of people.
- › Strategic management of public services is in the hands of **political representation** that:
  - › *initiates*
  - › *controls*
  - › *ends*
- › ... *providing individual public services on the basis of the power that gained from the public (voters).*

Related terms and methods:

- » e-Government
- » Local government
- » Public administration
- » Public finance
- » Public services
- » Smart Administration
- » State
- » State administration

Related management field:

- » Service management

Related sector:

- » Service sector