

Economic Sectors

The four sectors in American society are *Government*, *For Profit or Business*, the *Nonprofit*, and the *Family* or *Household*. While we often think of these as separate entities, they are often inter-dependent. Following is a brief description of each of the four sectors in American Society.

The Government Sector:

The *Government* sector of American Society exists primarily for the purpose of providing structure to a society. This sector is responsible for making and enforcing the laws under which we live. Government is an integral part of our overall economy as well. Government regulates and serves as a watchdog over our environment. It makes the laws that everyone must follow. Economically, government can provide public goods*, regulate production of goods, use its power through taxes, fees, and fines, and influence pressure groups. *Nonprofit*, *for-profit*, and *family* groups often influence government as well.

***Note:** Public goods are those goods which consumers cannot be prevented from using nor does one person's use reduce the amount available for use by others.

The For-Profit or Business Sector:

The *For-Profit or Business* sector in our society has a distinct focus on making a profit. It is the primary function of this sector. Business provides private goods and services. It is market oriented and relies on voluntary payment of the customer. This sector is efficient at meeting the demands of the consumer and emphasizes customer satisfaction. Business will not attempt any activity that it fears will be unprofitable.

The Nonprofit Sector:

The *Nonprofit* sector can provide public goods as well as private goods. The nonprofit sector focuses on client satisfaction, trust, and service. Nonprofit organizations are not interested in making a profit but merely breaking even in their endeavors.



The Family or Household Sector:

The *Family* or *Household* sector is primarily concerned with the well-being of the members of the household. Families take part in activities that benefit others as well as benefit themselves. This is the smallest of the four sectors but collectively, the most influential. It is the *family* sector that drives the *business* sector, pressures the *governmental* sector, and influences the *nonprofit* sector. *Families/households* are both *for-profit* and *nonprofit*. They are *for-profit* in an effort to support themselves and to "get ahead." They are *nonprofit* when they participate in activities that promote the welfare of the family and community.

The following chart details the general purposes of the various sectors within the community.

For-Profit Businesses	Government	Nonprofit Businesses
They are there to make a profit.	They can produce goods and services, for example, the postal service or fire service.	They provide services where government fails.
I take possession of the goods or services myself.	They can regulate what the for-profit world does, for example, telephone service.	They may provide private goods, for example, <i>National Geographic</i> .
They allow a simple transaction to take place. I pay the price and I get the product.	They have coercive power. They can tax you or make you purchase a license.	They are concerned about client satisfaction.
They rely upon customer satisfaction.	They may promise to provide services in order to win elections.	They are not in business to make a profit.
Payment is voluntary. No one is forcing you to purchase it.	They may do only what the community demands.	They may provide public goods, for example, parks, schools, health care.

