

1.4: Economic Impact

The third dimension of a sustainable business is **economic impact**. The economic impact of a business's operations is viewed internally and externally. The sustainable business will consider its own economic impact on the communities in which it operates, such as job creation, impact on local wages, impact on real estate in close proximity to the business, tax flows, investment in disadvantaged areas, impact on public works and social services systems, and other indicators that the business has positively contributed to local economic growth while maintaining corporate profitability. Economic impact does not refer to the profitability of the business as indicated on the financial statements, although profitability is critical for survival. The sustainable business will also look externally at suppliers to ensure they are engaged across the supply chain with other companies that share similar values and practices. It is assumed that the sustainable business's contribution to a strong and healthy local economy will lead to a strong and healthy future for the business.

The El Dorado Promise, a strategic philanthropy initiative of Murphy Oil Corporation, is an inspired example of corporate economic impact. Landrum (2008). Murphy Oil Corporation, a Fortune 500 company, is headquartered in El Dorado, Arkansas, a small, rural township with an estimated population of 20,341. U.S. Census Bureau (2007). In order to address the interrelated problems of declining industry, population, school enrollment, and talent pool from which to draw, Murphy Oil Corporation announced that it would donate \$50 million to a scholarship program for local students, creating the El Dorado Promise program. The program is expected to provide scholarships to students for the next 20 years.

One year after announcing the Promise program, there was an 18% increase in college-bound seniors. Hillen (2007). After 2 years, the community has seen a 4% increase in school enrollment, the local community college has seen a 16% increase in enrollment, and families from more than 28 states and 10 foreign countries have moved to El Dorado. El Dorado Promise (2008).

The inspiring examples of TOMS Shoes, Wal-Mart, and Murphy Oil Corporation demonstrate the significant impact a company can have in pursuing any of the dimensions of sustainable business. In each of these examples, we see how the social, environmental, or economic commitment has become central to the way in which the business conducts its operations. In Chapter 10 of this book, we provide an array of additional examples that we hope will inspire your own business to begin its journey toward sustainability.

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