THANKS TO MILLENNIALS, A NEW TYPE OF CAPITALISM IS GAINING POPULARITY

Move over, popular capitalism and crony capitalism. There's a new type of capitalism joining the fray that is gaining in popularity, especially among socially conscious millennials. Conscious capitalism was born out of a rising concern about the increasing influence of far-right politics and includes disdain for what is seen as an unbalanced distribution of power and wealth across society.

According to Derek Gresso, president of City Venture Holdings, conscious capitalism is an "organic approach to doing business that supports a healthy bottom line and positive community impact. It's truly a combination of good business practices, entrepreneurial creativity and support for local communities through social responsibility and action."

Conscious capitalism is comprised of four characteristics: Higher Purpose, Stakeholder Orientation, Conscious Leadership and Conscious Culture. While the Higher Purpose aspect of conscious capitalism retains its eye on profitability, it is also designed to encourage stakeholders to rally around a loftier purpose. Moreover, stakeholders, rather than shareholders, are the key players. Their overall goal is creating value for everyone involved in the venture, rather than just a select few. The aim of conscious leadership is to purposefully create an environment where trust, care and service are revered. In a conscious culture, a supportive environment for people, processes and practices connects stakeholders not only with one another but also with the entity's mission and processes for attaining those visions.

Steve Fireman, general counsel and CEO of the Economic & Community Development Institute, said his organization supports the philosophies behind conscious capitalism.

"We believe businesses run with the interests of all stakeholders in mind will do better over time," said Fireman.

According to Gresso, several avenues for implementing conscious capitalism exist. Two suggestions include supporting employee volunteer initiatives and developing a corporate citizen statement to align with organizations sharing your entity's concerns about giving back.

"By creating ongoing opportunities for positive impact, you're not only strengthening your community, you're also likely attracting a higher caliber of employees, clients and partners," said Gresso.

In Fireman's mind, respect is a key component of conscious capitalism in that it focuses on creating opportunity and engendering respect for employees. Moreover, regard for and service levels to the customer are considered of paramount importance. Not only is the social element of human beings revered in conscious capitalism, the reverence of and concern for the environment is a core value.

"Environment is what connects us all," said Fireman.

To Gresso, small businesses are best equipped to implement conscious capitalism. That's because it is "those organizations who may be looking to gain more familiarity with community improvements and who are interested in long-term sustainability," he said.

Furthermore, Gresso believes conscious capitalism is not going away. That's because conscious capitalism "strengthens the entire ecosystem of business by creating value for all, not just a few." Another benefit of this new wave of capitalism is that "doing good is not anti-capitalistic." As many businesses who practice social responsibility have demonstrated, doing so "actually enhances profitability," said Gresso.

According to Fireman, conscious capitalism offers other benefits that make it attractive to the business world. For example, conscious capitalism makes it easier to attract young, talented workers. In addition, because the philosophies behind conscious capitalism are so appealing to millennials, it is easier to retain them on the job.

However, cautioned Fireman, a business considering adopting the conscious capitalism philosophy should be aware of its pitfalls. It can be more costly to operate an entity that has implemented conscious capitalism, and, once that path has been chosen, "it is really hard to turn back or change courses," he said.