INTRODUCTION

BUSINESS IN THE NINETIES: FACING PUBLIC INTEREST

Peter Ulrich

The relationship between private enterprise and public interest has always formed the core of business ethics, explicitly or implicitly. Even those who stick to the most radical conception of private business will claim that this is just what serves the public interest best – how else could they justify their position. Any guiding idea of the business company as a societal institution is a *normative* idea, rooted in a comprehensive social and political philosophy. And any possible legal design of such an institution has to be constituted and legitimized by a public procedure.

Indeed, free enterprise may be «private» in a legal sense, as far as property rights are concerned. However, most business activities have widespread and far-reaching impacts upon society as a whole. Obviously, unintended implications of entrepreneurial decisions – such as increasing unemployment because of industrial productivity improvement, or environmental pollution resultant from economic growth – turn business policy more and more into a public issue. This leads to a growing *public exposure* of «private» business in our difficult decade.[1] Today, companies are exposed to growing societal expectations and at the same time to harsh economic requirements. Management finds itself in the limelight of public criticism and in the centre of multiple conflicts of claims and values. Which of them deserve to be preferred and which to be postponed? Who is authorized to define the public interest? And how far is business morally obliged to be engaged in social commitments?

[1] T. Dyllick (1989): *Management der Umweltbeziehungen. Öffentliche Auseinandersetzungen als Herausforderung*. Wiesbaden: Gabler; R.E. Miles (1987): *Managing the Corporate Social Environment*. Englewood Cliffs: Prentice-Hall.

P. Ulrich and C. Sarasin (eds.), Facing Public Interest, 1–8.
© 1995 *Kluwer Academic Publishers. Printed in the Netherlands.*

To be able to cope with these fundamental challenges, entrepreneurs and managers of today need an appropriate understanding of the relationship between the firm and society as a whole, i.e. of the *public relations* of the company in a genuine and undiluted sense of the term. The point of departure for obtaining such an understanding is the basic conception of the company itself. (...)