

# 7. Nietzsche and Business Ethics\*

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**Abstract** Business ethics, a relatively new concept, is dominated by the theory of the categorical imperative (Kant) and by utilitarianism. This paper examines whether Nietzsche's ideas would not be a better means of explaining the business world.

**Keywords:** Ethics, business ethics, stakeholders, shareholders, Kant, utilitarianism, altruism, egoism, Nietzsche

**JEL classification:** A20, B31, M20

*Auch in den Wissenschaften ist alles ethisch,  
die Behandlung hängt vom Charakter ab.*

J.W. von Goethe

In this contribution I shall consider the significance of Nietzsche's work for a recently 'discovered' field of economics: business ethics. After a terminological clarification I examine whether Nietzsche's philosophy does not provide a better explanation than the conventional theories in this new domain of business life.

## 1. DEFINITIONS

### 1.1. Ethics

Ethics or the philosophical study of morality is also used as a synonym for morality (norms for the conduct of people). Its object is the study of goodness or a good life and of right action. It restrains us from doing whatever we want; the ethical principles help us to distinguish between right and wrong. Here there cannot be only one rule, but a set of rules corresponding to the various cultures of the world (cultural and moral relativism).

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Goodness can relate to one's own experience of pleasure (egoistic hedonism) or to anyone's experience (universal hedonism). However, the *a prima vista* greater popularity of universalism as compared with egoism does not imply that universalism is the dominant view. The theory of right action consists of a moral code that defines our duties and a validation of this code.

Ethics causes individuals to act in a certain way for *moral reasons*, which means that, philosophically speaking, the specificity of ethics is that it is incentive- and punishment-independent. If we do something for an advantage or to avoid sanctions, we do it for what are precisely not ethical reasons.

## 1.2. Business ethics

Business ethics is a relatively new concept, 'born' in the seventies. Several definitions are given – a normal phenomenon in the social sciences – and relate to what business should do. The answer looks simple: make profits and take care of stockholder returns. Milton Friedman stresses that the only ethical obligation of the entrepreneur is to maximise profits, subject only to conformity to legal requirements (Friedman, 1970). After all, the owners of the firm are the shareholders.

But nowadays many business ethicists believe the answer to be more complicated: firms should incorporate into their operations a concern for the so-called stakeholders: employees, customers, suppliers, investors, and the national community (including a concern for the natural environment). In other words, stakeholders of an organisation comprise any group or individual, who can affect or is affected by that organisation.

Even some businessmen claim that the entrepreneur 'must view his own task within the context of a general evolution and contribute his interests and experiences to these common discussions, in politics, in economic policy and in legislative areas' (Maucher, 2000, p. 5). They forget that profit represents the contribution of the firm to the social good and should therefore be as large as possible. Competition prevents firms to achieve too large a share of the social good. Needless to say, an efficient competition policy must be assumed.

The boardroom is a place where strategies are formulated in pursuit of as large a profit as possible and not one where different interest groups are fighting in order to get the highest share of the cake. It goes without saying that, as an individual, the entrepreneur can voice his political preferences, but as an entrepreneur his duty is to pursue a maximum profit. Shareholders are the victims when other interests are considered more important. Stakeholder-oriented management undermines the value of shares: the issuing of shares as a means of financing new investments is hampered.

Hence, two definitions are given: