

Failing on the Main Street can be hard.

(continued)

different for the Main Street failures as often funds of family and friends are involved and lost as well as the entrepreneur's own money. A failure may bring about personal ruin and isolation and many failed entrepreneurs go back into their former job whilst some others do have a second try. Besides underestimating the potential difficulties and individual mistakes, a major cause for failure is that individuals do not like to contemplate this as a possible option.

We live in a culture of success; at least this is suggested by the press which rarely writes about failures. Closed companies go out of sight and mind very quickly. Business articles give impressive examples of successful optimism and passion, however it is often exactly this blind attitude that should give way now and again to a sober assessment of the situation.

Mediocrity: The problem of the best companies?

A graduate is disappointed by his colleagues at the high profile company he joined. 'Why is there so much mediocrity in my company?', he asked Lucy Kellaway from "The Financial Times".

The 24 year old Oxford University graduate with a 2:1 in philosophy secured a job in a prestigious company known for its stringent application process. He is disappointed with his new colleagues whom he regards as "mediocre". More than 250 comments in the "Guardian" newspaper indicate that many readers seem to share this experience. In her answer, Lucy Kellaway points out that in fact all companies are based more on routines and procedures than on flexibility and inventiveness. They are more impressive from the outside than from the inside and they often regard clever people who challenge the routines as a burden rather than as a help. She advises the

graduate to work hard to prove he is in fact good, and, given that he had implied that they were "fat and lazy", to keep in mind that getting along with colleagues is a central qualification everywhere.

Lucy Kellaway knows how to walk the narrow path between acknowledging the frequent justified disappointment of graduates, bored by the mundane tasks that make up most companies' business and correcting what these companies regard as the academic hybris of their new arrivals. In fact business life is regularly much more exciting in the press than in the office.

Links and Literature

What Happens After Failure on Main Street (Karen E. Klein)

www.managing-essentials.com/2ka

Performance Persistence in Entrepreneurship (Paul A. Gompers, Anna Kovner, Josh Lerner, David S. Scharfstein)

www.managing-essentials.com/2kb



Mulberry Street New York City 1900*

Business can be boring

Links and Literature

Why is there so much mediocrity? (Lucy Kellaway)

www.managing-essentials.com/2kc

Are you disappointed by the mediocrity of those you work with? (The Guardian)

www.managing-essentials.com/2kd



Cultural Issues

Is the human race getting smarter?

As far as human intelligence is expressed in test scores, its advancement can't be denied. In his new book, which was excerpted in "The Wall Street Journal" James R. Flynn explains why.

It depends on the test used, but on average the intelligence quotient (IQ) increased by more than 30 points in the last century; our ancestors in the year 1910 would have achieved scores of only about 50 to 70 points. This upward trend in intelligence expressed in test scores has been labeled the "Flynn effect" after James R. Flynn who discovered it three decades ago. Scientists still struggle to explain the phenomenon. In his new book Flynn discusses the abstract nature of modern life as a cause, particularly with the world of hypothetical ideas, symbols and pictures changing our lives. Whilst our ancestors viewed the world through "utilitarian spectacles" stressing differences and the material world, we

use "scientific spectacles" trying to classify things, understand hidden relationships and symbolic meanings. Technologies thereby create a positive feedback loop between the environment and human reasoning about it.

In an interview by Ian Tucker in the "Guardian" Flynn puts the development of intelligence into a cultural and gender context. Also here the effects of the changing environment show. Populations in the developing world, which traditionally had scored lower in past decades, are making faster gains than those in the West. Intelligence should not simply equated with smartness in general and does not contribute much to happiness, but its progress can be viewed as an indicator that the environment shapes humans strongly beyond genetic predispositions.

Links and Literature

Are We Really Getting Smarter? (James R. Flynn)

www.managing-essentials.com/2kn

James Flynn: IQ may go up as well as down (Interview by Ian Tucker)

www.managing-essentials.com/2ko

James R Flynn (2012). Are We Getting Smarter? Cambridge MA: Cambridge University Press.

It's not the genes only

Misleading police interviews?

A judge in Canada slammed a police interrogation technique widely used in North America for leading to oppressive situations. Douglas Quan from the "Postmedia Group" discusses the case.

A judge in the Province of Alberta dismissed charges against a day care operator charged with aggravated assault after a child suffered a serious head injury. During questioning by the police the accused asserted 24 times that she wanted to remain silent. However, the police officer disregarded her right to remain silent and continued the interview for more than eight hours with lengthy monologues and persistent questioning. In the end the accused told the police what it wanted to hear, concluded the judge, and denounced the technique in the strongest terms. The technique used was the "Reid interrogation technique", an accusatory

interview which is guilt presumptive and employs psychologically manipulative elements. The technique has been repeatedly discussed as a source of false confessions. Some of its elements are forbidden in Britain and other European countries. In addition, Brent Snook, a professor at Memorial University, showed in one of the very rare empirical studies on police interrogation that its best practice is often not employed.

The issue is of interest because it highlights central problems of interviewing even outside the interrogation room. Although interviews are often roughly standardized, as in the present case they remain an art in which manipulative elements can play a major role. Training and supervision are essential in this area.

Links and Literature

Alberta judge slams use of 'Reid' interrogation technique in Calgary police investigation (Douglas Quan, Postmedia News)

www.managing-essentials.com/2kp

King, L., & Snook, B. (2009). Peering inside the Canadian interrogation room: An examination of the Reid model of interrogation, influence tactics, and coercive strategies. *Criminal Justice and Behavior*, 36, 674-694

www.managing-essentials.com/2kq



Business Cases

China as the country of social entrepreneurs.

After Warren Buffett and Bill Gates visited China two years ago to promote their "Giving Pledge" initiative there, charity in China has become an issue noted in the West. Juliana Liu analyzes for the "BBC" what has happened in the years since.

The Chinese publishing group "Hurun Report" observed that for the top 100 philanthropists in the country, private donations in China increased five-fold from 2004 but fell more than 17% in the last year. A fortunate lack of major natural disasters, mistrust in the often state dominated charity institutions and some scandals about the misuse of funds caused the reversal in giving. The slack is taken up by small scale social entrepreneurs establishing businesses to care for the elderly, provide health services, develop technologies and help fight poverty. Even if working for profit, albeit minimal, such smaller social

businesses are preferred by many donors since they offer transparency and attend to immediate needs which the big charities often lack.

Philanthropy will always be a controversial discussion since it is directly linked to the questions of social justice and social inequality with regard to the roots of individual wealth. Social enterprises can help considerably to cope with the significant variance in donations. Smaller sized businesses in particular offer the advantage of transparency in the often multi-faceted industry of charities in which religious, material and interests out of vanity mix regularly. More important than charities are on the long run governmental policies which from the very beginning should prevent the problems that charities have to address.

Links and Literature

Social entrepreneurship takes off in China (Juliana Liu)

www.managing-essentials.com/2k4

Hurun Philanthropy List 2012

www.managing-essentials.com/2k5

Labor unrest in a Chinese factory.

Foxconn, a manufacturing giant producing US brands like Dell, Apple and HP, had to close one of its plants in China after labor unrest. As news media like REUTERS report, this incident is not the first.

At the Foxconn plant in Taiyuan, China, which is believed to produce the iPhone 5 for Apple, about 2,000 of the 79,000 workers employed battled police and security guards. It needed 5,000 police officers to quell the riot, several individuals were arrested and about 40 had to be admitted to hospital. The causes for the riot have still to be established, but there are two possible explanations. A company spokesperson said the incident escalated from a private dispute in one of the dormitories. However, several individuals, who want to stay anonymous, posted that a conflict between security guards beating workers started a conflict. This escalated into a riot after other workers, in acts of solidarity set fire to their beds and

tossed them out of the windows. Foxconn, the trading name of the Taiwanese Hon Hai Precision Industry Co. employs about 1 million people in China. In recent years the company has repeatedly made headlines for a series of suicides by workers and bad working conditions.

The incident is a reminder of the often violent struggles during the industrialization of the Western Hemisphere. Some commentators see in this riot the frustrated protest against bad labor conditions and a lack of dialogue between employees and employers. However, in contrast to the industrialization of the West in the 19th Century Chinese workers also live in their factories which can best be understood as privately run small cities. Whatever may have caused the unrest, nerves obviously are frayed for many people living in them.

Factories as small cities

Links and Literature

UPDATE 5-Chinese electronics factory closed after 2,000 riot (Reuters)

www.managing-essentials.com/2k6

Foxconn Plant Closed After Riot, Company Says (David Barboza, Keith Bradsher)

www.managing-essentials.com/2k7

Editorial

(Continued from page 1)

in the survey enjoy over 60 happy years. This lack of progress is felt by a proud and hard-working people who live surrounded by statues of Mig fighters, tanks, rockets and Lenin as symbols of a less democratic but more glorious time. Big black SUVs on the streets indicate for the majority of the people that there have been winners in a distribution they had no part in.

Of course, Ukrainians do smile and when you encounter these smiles you know they are probably genuine. In psychology a genuine smile is called a “Duchenne smile” named after French anatomist Guillaume Duchenne who studied facial expression by electrical stimulation of nerves in the 19th century. Two muscle groups make up the smiling face, the zygomatic major in our cheeks and the orbicularis oculi which encircles the eye socket. In his 1862 book “Mecanisme de la Physionomie Humaine” Duchenne observed that only the zygomatic major muscle can be contracted intentionally. The genuine smile expresses itself around the eyes; the orbicularis oculi cannot be willfully activated and therefore this region of the face unmasks in its inertia false friends just pretending to smile. Take the test with the BBC!

Of course we hope to meet genuinely smiling people, but outside the Ukraine we more often encounter the faked smile. Smiling serves many purposes. Eminent psychologist Paul Ekman, who elaborated on Duchenne’s findings with

more modern scientific methods, speaks of “display rules” for smiling and these rules vary with situations and cultures. Piotr Szarota from the Polish Academy of Sciences argues that for North Americans, smiling is related to their preoccupation with happiness, Japanese smile to fit into the cultural norm of harmony and Polish people smile to express sincerity. Besides these cultural differences of course there are situations in which we expect as “display rules” friendliness expressed in smiles even if these are probably not genuine, especially when encountering the service industries. The request to “smile” stands at the beginning and the end of many training programs for sales personnel though this isn’t always obvious.

To fake a smile to comply with social norms has rarely been seen as a problem. To twist the cheeks a little in order to get along more easily is neither a problem for the actor nor the observer. In fact, sporting a smile even if it’s not from the heart can sometimes help us to feel better. To “grin and bear” an unpleasant situation takes advantage of the feedback loop between the facial muscles and the brain, which infers a positive mood even if it is not felt. In a recent study Tara Kraft and Sarah Pressman from Kansas University found that even holding chopsticks in your mouth forcing you to mimic a smile has a small but positive effect on heart rate and self reported stress levels.

However, it is evident that this result out of a short laboratory study can hardly be



Luitspelende Nar, Frans Hals*

LOL ... :) ... ^.^

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generalized. Regularly faking emotions as a display rule of “emotion work” in many sales and service professions can take its toll. In her bestselling book “The Managed Heart” written close to thirty years ago and still popular with general readers and in academia, sociologist Arie Hochschild wrote that if outer and inner feelings have to be dissociated as a professional requirement, the likelihood of emotional burnout increases and job satisfaction decreases.

The genuine Duchenne smile, however, is with certainty the expression of an emotionality which with its positive and happy tone has far reaching consequences. Women who smiled genuinely on their college year book pages had a higher level of general wellbeing and marital satisfaction thirty years later. Conversely, low intensity smiles in youth are correlated with divorce later in life. Smile intensity is a predictor of longevity and when it comes to the workplace, people prefer to work with those genuinely smiling. Eric Jaffe from the Association for Psychological Science gives an excellent summary of the recent research.

An optimistic temperament does help, but even then a person needs a reason to smile and this reason is regularly found in the smiles of others. Just seeing an attractive face positively stimulates the human brain and a smile is met with a high probability of a smile in response. Also however, overall life conditions with their positive events and small satisfactions of everyday life contribute. People in the Ukraine and many other countries in the world still have a hard time bettering their life situation in a way letting them smile more often.

Links and Literature

Spot The Fake Smile

www.managing-essentials.com/2k8

World Database of Happiness
(Veenhoven, R., Erasmus University
Rotterdam, The Netherlands)

www.managing-essentials.com/2k9

Smiling and Happiness in Cultural
Perspective (Piotr Szarota)

www.managing-essentials.com/2k0

Arie Russell Hochschild (1983). The
Managed Heart (1. Ed.). Berkeley:
University of California Press.

The Psychological Study of Smiling
(Eric Jaffe)

www.managing-essentials.com/2k1a

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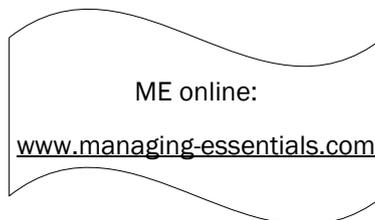
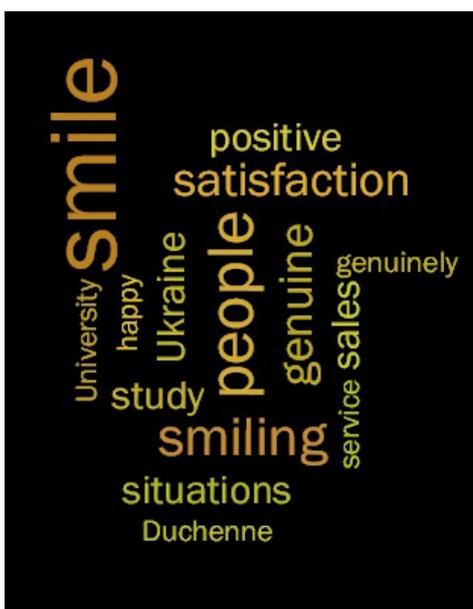
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