In all human interaction, there are specific factors working beneath the surface and affecting the result.

The first factor is the balance or symmetry, of the interaction. If we wish to know about this, we need to ask some important questions: Who knows more? Does, say, for instance, the consumer knows more than the seller when you make a deal? Is someone using their more understanding to manipulate the other person?

Risk is the second factor. In a lot of circumstances in our day-to-day lives, maybe a consultation to the doctor or interaction with a salesperson, we barely pause and question ourselves about the risk. Meaning: what does the advisor have to lose? What will occur to us if things don't go well?

The whole questions assist us to know how much a person is involved, or how much they're risking when we talk about the aim of the interaction. Meaning, how much skin in the game they possess.

If you desire a positive result, you have to begin taking the above questions into consideration, which we'll look at in the next chapters.

Chapter 1 - Any form of asymmetry of information between consumers and sellers is immoral.

Do you know of the olden Roman myth about a group of fishermen who caught and prepared some turtles?

The turtles were actually uneatable, and the group was talking on how to get rid of the turtles when the god Mercury passed by. Getting a chance to get rid of their terrible food, they called him to dine with them. But, Mercury was clever to their ploys and made them eat the turtles by force.

Though they might not be dealing with turtles and Roman gods, present-day salespeople could learn many things from this story. Why?

This myth creates a significant lesson that the fisherman got to learn in the hard means: it's morally wrong to camouflage a sales pitch as a well-intentioned recommendation.

Unfortunately, a lot of people do just that in this modern that commercial world.

For example, while the author was working for an investment bank, he regularly witnessed the deceitful strategies that traders used to sell their surplus or unwanted goods to customers.

Rather than being truthful on the reason they wanted to sell the goods –meaning, they had excess – the traders mentioned to the customers that the stocks would be good for their specific portfolios, and their value would nearly certainly rise, and also, that they would deeply regret missing on kind of opportunity. That is, the traders withheld significant detail about their actual reasons for selling and used their desperate sales pitch and psychological manipulation to look like good recommendations.

However, is this actually wrong? Nevertheless, their act was legal, and all of us are aware of these sales strategies. Quite interesting, although this act may be legal in a lot of secular nations, it’s much less allowed under some religious legal systems.

For example, the Islamic legal code, Sharia law, has the idea of Gharar.

This word means an asymmetry of information between two agents. If a single agent, the seller, has more information about the transaction than the other agent, say, the buyer, then the seller could be said to have a lot of faith about the result of the transaction, and the buyer really little. In this situation, Gharar would occur in the transaction, and therefore it might be prohibited from happening until the information asymmetry was rectified, and the buyer was provided more detail.

Hence, in the above illustration, although the traders’ behavior is accepted in some nations, it could be seen legally and ethically inadequate in other nations.

Chapter 2 - A lot of people fail to comprehend that the minority rules the majority.

If you learned about how a single ant behave, could you know how an entire colony of ants work?

Fascinatingly, you wouldn't know; you would need to observe the colony itself for you to know how it works. Human societies are much more similar to ant colonies, in that observing their parts – individual people – won't essentially show you how society at large acts.

The reason is that it's the interactions between people that define societal actions.

Amazingly, these interpersonal interactions usually abide by basic rules that have strange repercussions. An example of these rules is minority rule which is one of the most interesting.

Minority rule talks about to the fact that it just takes the existence of a small, but an inflexible, minority – as small as 3% of the whole population – before the total population must agree with their preferences.

If this seems bizarre, then look at the following case from the United Kingdom. In the United Kingdom, Muslims there constitute just about 4% of the whole population; still, 70% of the lamb imported from New Zealand (a key UK supplier) sticks with to Islamic slaughter rules and is halal. Meaning, most people in the United Kingdom are eating halal lamb; however, just 4% have a preference for doing that.

Why does this occurrence occur? Because, in circumstances such as the one mentioned above, the majority is more flexible than the minority. For example, non-Muslims will normally eat halal meat; however, Muslims won't eat non-halal meat. Hence, it is logical financially for UK retailers to mainly provide halal meat to all consumers, in order not to lose any market share.

Though you might reason that this logic looks apparent, companies trying to alter consumer habits usually make the mistake of disregarding the idea of minority rule.

Big agricultural businesses like Monsanto, have been attempting for a long to convince Americans that there’s absolutely nothing bad or unhealthy about eating genetically modified food. But, these businesses haven’t thought that GM-eating Americans have no issue eating non-genetically modified food, while the opposite isn’t correct.

Hence, if only a person out of a family member of five doesn’t eat GM food, then the entire family’s weekly shop will probably have just non-GM products, as long as the cost and taste difference is small, which it is.

Basically, the millions used by the agricultural companies to convince the majority have been futile – the inflexible minority still rules.

Chapter 3 - Firms condition their workers to admit a loss of liberty.

During the fifth century, there was a group of monks who were part of no specific monastic society. These monks, known as Gyrovagues, wandered around Europe, asking for food and shelter from townspeople.

Gyrovagues were not like by the Church since it couldn’t rule them. As a matter of fact, there was absolutely nothing the Church could trade for their obedience – the monks were contented with being poor. Therefore, the Church tried diligently to introduce instructions for the monks so they could to restrict their liberty.

Fascinatingly, the Church’s centuries-old hatred of the Gyrovagues can assist us to know the relationship between present-day firms and their workers.

Present-day firms also try to limit the liberty of their employees.

How? They hire them.

By employing workers instead of employing freelancers or contractors to do the job, companies can limit workers’ personal liberty. Having control over them guarantees that the company can rely on them. For instance, if forced into a stern 9 a.m. to 5 p.m. agenda, five times in a week, the employee will be present to do the work – different from a freelancer, who might have a better proposal and who has the liberty to take it. By employing workers, companies buy themselves peace of mind.

However, what about the worker? Why don't the majority of us fight being used as a pliant pet, having our freedom taken for eight hours per day, 5 times in a week, for the sake of the company's ease? Well, the uncomfortable reality is that the majority of us have been psychologically accustomed to obedience.

If this seems like a conspiracy theory, check around you; it's easy to see this conditioning.

Conditioned workers are people whose personal identities are basically connected to the firms for which they work. They dress how the company wants them to and even use the language of their company, talking in company jargon. These employees have been conditioned to possess skin in the game, meaning, these employees have something to risk. If they leave their constricting jobs, they'll lose part of themselves, as well.

For instance, every worker of IBM needs to wear white shirts and blue suits and are motivated to mingle outside of work with one another. There's also a certain IBM sense of humor, composed of company in-jokes. IBM workers want to stay obedient – if they get sacked, they lose their closet, their social life, and nobody would understand their jokes.

Chapter 4 - Society likes wealthy entrepreneurs and hates rich bureaucrats.

As mentioned by the author, there are two types of income inequality in society. The first type relates to peoples like rich celebrity chefs, entrepreneurs, and popular singers. The second type relates to wealthy bankers, chief executives, and bureaucrats.

Both of these categories have a lot of money than the remaining of us; however, as it is, we basically hate one of these categories for the discrepancy.

When we talk of well-known chefs, singers and entrepreneurs, we have a tendency to accept their disproportionately high levels of wealth; however, when confronted with outrageously wealthy bankers and chief executives, society has an issue with their riches.

For example, an author named Joan C. Williams clarifies that working-class Americans normally see entrepreneurs and celebrities as role models. Meaning, they’re fascinated by their riches. On the other hand, the author of The Dignity of Working Men Michele Lamont conducted an interview with blue-collar Americans and discovered that they hated extremely-paid professionals, like chief executives and bureaucrats. And this hatred didn’t reach the celebrities and entrepreneurs.

Also, it's not only Americans who have highly-paid professionals. For example, Switzerland lately had a referendum questioning its citizens if a new law should set a limit on managers’ salaries. Though this law wasn’t approved, it shows a motivation to decrease professional inequality. On the contrary, Swiss society normally respects rich entrepreneurs.

Therefore, why do we embrace some wealthy people; however, we reason that others are not worthy of their riches?

Everything boils down to having skin in the game. We think that entrepreneurs and celebrities have taken huge risks to reach where they currently are, while we assume that professionals who become rich getting a safe company salary haven’t. This means that society agrees that huge risk should produce a huge reward; however, it hates when tiny risks look to acquire the same rewards.

Fascinatingly, this reasoning might clarify the fame of Donald Trump.

Although political experts and journalists assumed that Trump’s brash show of riches and former bankruptcies would estrange working-class voters; but the opposite occurred. Working-class voters saw his riches as proof of his entrepreneurial success and viewed his bankruptcies as evidence he had real skin in the game, risking everything to get his extravagant lifestyle.

Chapter 5 - Success is dependent on your ability or your image, according to your profession.

Let’s say you have to pick one of two surgeons to do surgery on you. The first surgeon looks precisely as you might suppose a surgeon to look. He has a thin shape, gentle hands and is very eloquent. The second surgeon is really different. He isn’t dressed well, overweight and seems more like a butcher than a doctor.

Which of the surgeon will you pick?

Shockingly, the author would pick the second surgeon. He doesn’t seem like a surgeon, and as long as he has had some achievement in his career, he would have had to defeat several negative opinions. Meaning, he has most likely had to jump over more hurdles to prove himself than the surgeon who seems more like a surgeon.

In this situation, jumping over hurdles means being skilled at real surgery. We can deduce this since the medical field is one in which people possess lots of skin in the game because everybody concerned is incurring risk: the patient, whose health is at risk, and the surgeon, who risks a lawsuit if he messes up an operation. In this field, results are dependent on examining reality, and skill wins out over the image.

However, shouldn’t it be the case all the time that someone’s professional track experience counts more than their image? Maybe it should; however, in professions whereby people have less skin in the game, the opposite is usually true. In these professions, outcomes aren’t dependent on reality; however, on ideas about who is skilled and who isn’t.

A good illustration of this profession is the CEO.

CEOs and the people who hire them have really less skin in the game than doctors and the people who hire them; their patients. If a CEO makes bad choices, her shareholders won’t die, and she can most likely still get her bonus.

Hence, with less to risk, those who hire chief executives don’t even assess their real ability. Rather, they assess their image. Think of a Hollywood actor, Ronald Reagan, that was chosen to the presidency – America's highest executive position. His success was possible because similar to other CEOs, presidents are chosen on people's views, instead of an objective evaluation of their skill.

Reagan looked like that, just like the first surgeon, and so he was chosen.

Chapter 6 - Wealthy people don't bother about their spending and due to that, they are exploited.

Have you ever dined at an extremely costly but unsatisfactory restaurant? If you have done that, then you are not alone. One time, the author went to dinner with a rich friend. Although he would have like a simple neighborhood joint, his friend could pay for something really costly; therefore, they went to a Michelin-starred establishment where the food menu was too-complicated and the servings little.

The cost of this food was 20 times more than that of a juicy hamburger, and it was much less enjoyable; still, the author's rich friend gladly paid for the experience. What was the reason? The wealthy people are amazingly easy to scam.

Though you might believe that wealthy people enjoy the best of everything, it's not usually the situation. As a matter of fact, when people become rich, they also become more likely to buy extravagant and disappointing goods and experiences, like the above-mentioned meal.

This occurs because the wealthy don't possess as much skin in the game as the salesperson selling to them.

For example, the majority of us would think carefully before we spent a huge amount of money on a thing. We would bother if the product or experience was worth the spending, or we would risk misusing our limited resources. But, the wealthy have a lot of money that spending some of it doesn't signify a risk. Hence, they don't care to keep tight control over their real preferences.

Meaning, they begin to think less about what they need. This signifies that their decisions begin being dictated by salespeople who want to part them from their money. These salespeople have so much to get from selling expensive things than the rich have to lose by purchasing them. Therefore, it’s simple for the cunning salesperson to exploit them.

We can realize this exploitation of the wealthy by examining their real-estate acquisitions.

For example, when a lot of people become rich, they relocate into huge mansions established in large, secluded grounds. But, the author is certain that the majority of them only do that because they are influenced by real-estate agents and marketing that instructs them on how to live their life. As a matter of fact, the majority of the people are far happier living in lively regions with a lot of company and human affection than in silent, huge mansions. Maybe you won’t be pitying them anytime soon; however, these lonely wealthy people are the victims of an elaborate scam –simply because they don’t possess sufficient skin in the game.

Skin in the Game: The Hidden Asymmetries in Daily Life by Nassim Nicholas Taleb Book Review

Look well into any aspect of our financial or social lives and you start to realize that asymmetries in information, risk and preference decide the majority of our actions and results. Hence, in any particular circumstance, we need to inspect the understanding that each stakeholder possesses, and who has the most to lose if we need to really know why people act in the way they do.

How does your doctor assess risk?

The risks your doctor undertakes are not just different from the ones you take; also, they’re also evaluated by other factors. For example, your doctor’s skill might be evaluated by her patients’ results five years after treatment. On the contrary, you’re likely to be only as bothered about your results 20 years on. When next your doctor provides you two different treatment choices, ensure that you examine which metrics they’re using to evaluate their effectiveness and which treatment choice has the best long-term advantages.

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