



Management Science

Publication details, including instructions for authors and subscription information:
<http://pubsonline.informs.org>

Learning from My Success and from Others' Failure: Evidence from Minimally Invasive Cardiac Surgery

Diwas KC, Bradley R. Staats, Francesca Gino

To cite this article:

Diwas KC, Bradley R. Staats, Francesca Gino (2013) Learning from My Success and from Others' Failure: Evidence from Minimally Invasive Cardiac Surgery. *Management Science* 59(11):2435-2449. <http://dx.doi.org/10.1287/mnsc.2013.1720>

Full terms and conditions of use: <http://pubsonline.informs.org/page/terms-and-conditions>

This article may be used only for the purposes of research, teaching, and/or private study. Commercial use or systematic downloading (by robots or other automatic processes) is prohibited without explicit Publisher approval, unless otherwise noted. For more information, contact permissions@informs.org.

The Publisher does not warrant or guarantee the article's accuracy, completeness, merchantability, fitness for a particular purpose, or non-infringement. Descriptions of, or references to, products or publications, or inclusion of an advertisement in this article, neither constitutes nor implies a guarantee, endorsement, or support of claims made of that product, publication, or service.

Copyright © 2013, INFORMS

Please scroll down for article—it is on subsequent pages



INFORMS is the largest professional society in the world for professionals in the fields of operations research, management science, and analytics.

For more information on INFORMS, its publications, membership, or meetings visit <http://www.informs.org>

Learning from My Success and from Others' Failure: Evidence from Minimally Invasive Cardiac Surgery

Diwas KC

Goizueta Business School, Emory University, Atlanta, Georgia 30322, diwas.kc@emory.edu

Bradley R. Staats

Kenan-Flagler Business School, University of North Carolina at Chapel Hill,
Chapel Hill, North Carolina 27599, bstaats@unc.edu

Francesca Gino

Harvard Business School, Harvard University, Boston, Massachusetts 02163, fgino@hbs.edu

Learning from past experience is central to an organization's adaptation and survival. A key dimension of prior experience is whether an outcome was successful or unsuccessful. Although empirical studies have investigated the effects of success and failure in organizational learning, to date, the phenomenon has received little attention at the individual level. Drawing on attribution theory in psychology, we investigate how individuals learn from their own past experiences with both failure and success and from the experiences of others. For our empirical analyses, we use 10 years of data from 71 cardiothoracic surgeons who completed more than 6,500 procedures using a new technology for cardiac surgery. We find that individuals learn more from their own successes than from their own failures, but they learn more from the failures of others than from others' successes. We also find that individuals' prior successes and others' failures can help individuals overcome their inability to learn from their own failures. Together, these findings offer both theoretical and practical insights into how individuals learn directly from their prior experience and indirectly from the experiences of others.

Key words: failure; healthcare; knowledge work; learning; quality; attribution theory

History: Received January 30, 2012; accepted October 22, 2012, by Jesper Sørensen, organizations. Published online in *Articles in Advance* June 14, 2013.

1. Introduction

Failure is simply the opportunity to begin again, this time more intelligently.

—Henry Ford

It's fine to celebrate success, but it is more important to heed the lessons of failure.

—Bill Gates

The notion that failure is an important component of the learning process is a well-accepted piece of conventional wisdom and is also documented in academic literature (Lapr  and Nemhard 2010). Research on organizational learning has demonstrated that failure is central to adaptation and change (Kim and Miner 2007, Madsen and Desai 2010). Failure is believed to benefit learning by drawing attention to potential or real problems and by stimulating the search for new strategies or approaches rather than reinforcing existing ones (Baum and Dahlin 2007, Chuang and Baum 2003). Although insightful, to date, this literature has primarily focused on why organizations fail to learn and on what strategies they can develop to learn effectively from failure over time (Haunschild and Sullivan 2002). However, scholars and managers alike increasingly recognize that learning at the individual level is central to the understanding of organizational

learning (Argote and Miron-Spektor 2011). Despite its importance for organizational learning, the question of how individuals learn from failure, as compared to success, has received little empirical attention.

Drawing on attribution theory in psychology (Weiner 1974), in this paper we investigate how individuals learn from failure and success. We focus not only on individuals' own past experiences, but also on how the experiences of others influence individuals' own learning. Whether an individual's past experience resulted in a success or a failure is an important predictor of future performance, as each type of experience may alter the individual's willingness to engage in different improvement activities. Prior research argues that success leads to local search—that is, the refining of previous actions—whereas failure leads to nonlocal search, or more substantial deviation from prior choices (Audia and Goncalo 2007, Baum and Dahlin 2007). Through failure, an individual can learn what does not work and then develop and try a new approach to increase her likelihood of reaching a successful outcome in the future (Sitkin 1992, March and Simon 1993). This difference in how past experience is processed has led to

theoretical work on the greater benefits that may arise from failure rather than success. Empirical work supports this view at the organizational level (Madsen and Desai 2010), but the same may not be the case for individuals. Individuals, in fact, may interpret their prior experiences differently than organizations.

Although failure *may* be an important source of information for learning, we propose that individuals may not rely on it as much as they rely on success when evaluating their own prior experiences. We base this prediction on attribution theory, which suggests that individuals tend to attribute their failures to external factors (thus not recognizing the role of their actions in such failures), and their successes to internal factors (e.g., their effort or ability) (Ross and Nisbett 1991, Gilbert and Malone 1995). One of the main assumptions of attribution theory is that people interpret their environment in a way that allows them to maintain a positive image of themselves (e.g., as competent and hardworking individuals; Weiner 1974). As a result, people explain their successes and failures by attributing them to factors that will allow them to feel as good as possible about themselves. When they experience failure, they are likely to attribute their own performance deficit not to personal actions or to the effort they exerted on the task, but rather to situational factors beyond their control. Thus, they may not learn from their potential mistakes and may approach future tasks in ways that are similar to their approach to the same tasks in the past. In fact, when applied to motivation and learning, attribution theory suggests that a person's own attributions for success and failure determine how hard the person will work on the task or activity in the future (Weiner 1974). When attributions point to internal, controllable factors such as effort, they trigger greater motivation than those that point to external, uncontrollable factors such as luck (Bandura 1977). As a result of these biased attributions, individuals are likely to fail to improve as much from their own failures as from their own successes.

Prior research on individual learning finds that people learn not only from their own experiences, but also from the experiences of others (e.g., Gino et al. 2010). Attribution theory suggests that the way people interpret success and failure will differ when they evaluate the actions of others as compared with their own actions. Namely, individuals tend to attribute the failures of others to internal factors (i.e., others' actions, effort, and abilities) and the successes of others to external factors (i.e., situational forces beyond their control, such as luck). If an individual attributes another person's successful outcome to factors such as luck or task difficulty, she may be less willing to devote effort to learning, since these factors would be outside her control. Yet because the same individual

is likely to believe that the other person's failure resulted from his effort and actions, she may exert more effort toward understanding what went wrong and to avoiding the problem herself. Thus, we propose that individuals are more likely to learn from others' failures than from others' successes due to a change in their approach to learning (through either a change in effort or in the strategy used to search for knowledge) and to glean more knowledge from the former than from the latter. Therefore, by drawing on attribution theory, we examine individual performance as a result not only of an individual's own successes and failures, but also the successes and failures of others within the same organization.

Whereas attribution theory suggests that individuals may learn less from their own failures than from their own successes, we examine whether certain types of prior experience may help to counteract this effect. To investigate this question, we explore the potential complementary relationship between an individual's prior successful experiences and her prior failure experiences. Prior successful experiences may change her willingness and ability to recognize her own responsibility for a failure. Additionally, the experiences of others may improve her ability to process knowledge from a personal failure. Thus, we also explore whether individual prior successful experience and the prior failure experience of others within an organization each interact with individual failure experience to increase the rate of learning.

We test our predictions using a unique data set on 71 cardiothoracic surgeons who over 10 years completed more than 6,500 procedures in a new process technology within healthcare: minimally invasive cardiac surgery. The setting offers several benefits for our study. First, while our measure of failure, patient mortality, is absolute, the cause of failure is often relative given the complex individual (e.g., surgeon) and situational (e.g., patient severity) factors that lead to an outcome, thus providing a context where attributions can focus on either internal or external factors. Second, studies of learning in organizations often examine existing processes that have been completed many times before. Our data set begins close to the rollout of the new procedure, thus allowing us to capture most surgeons' entire learning curves in our market.

By drawing on psychological research on attribution theory, the findings of this paper advance our understanding of individual learning and provide evidence consistent with our main hypotheses. First, we find that an individual's successful experience is more significantly related to current performance improvement than an individual's failure experience. Second, we find that the failure experience of others has a greater positive effect on an individual's current performance than does the successful experience

of others. Third, we find that individual prior failures and successes have a complementary (i.e., positive) effect on individual current performance. In other words, the rate of learning from individual failure increases as an individual's volume of prior successful experience rises. Finally, we find that individual prior failures and others' prior failures have a complementary (i.e., positive) effect on individual performance. That is, the rate of learning from individual failure increases as the volume of prior failure experienced by others within the same organization rises.

2. Hypotheses Development

As competition grows more global and knowledge based, learning in organizations is a key factor that can serve as a competitive differentiator (Teece et al. 1997). Traditionally, the majority of studies of learning in organizations either did not distinguish between success and failure, or implicitly focused on learning from successful past experience (Lapr   and Nembhard 2010). However, more recently, empirical work finds that organizations do learn from failure (Haunschild and Sullivan 2002, Chuang and Baum 2003), both their own failures and the near-failures of other firms (Kim and Miner 2007), and that such learning positively impacts their survival rates (Ingram and Baum 1997). Previous studies also compared the learning gained from success to the learning gained from failure at the organizational level and found mixed results. In some cases, learning from success had a stronger effect than learning from failure (Baum and Dahlin 2007); in others, the effects of learning from failure dominated (Li and Rajagopalan 1997, Madsen and Desai 2010).

Learning in organizations refers to the improvement of performance "through better knowledge and understanding" (Edmondson 2002, p. 128). Although studies of learning in organizations often focus on the cumulative volume of the organization as a means of measuring an organization's knowledge, it is through the actions and interactions of individuals that such knowledge is captured, adapted, and applied (Argote and Ingram 2000, Staats 2012). As work grows more specialized and is divided into smaller tasks, the role of individuals in organizational learning increases in importance (Argote and Miron-Spektor 2011, Staats and Gino 2012). By focusing on individuals, we can gain a more nuanced understanding of how success and failure lead to either performance improvement or performance degradation in organizations.

As noted by Madsen and Desai (2010), prior success and prior failure may have differential effects on the *motivation* to learn as well as the *knowledge* acquired to enable learning. With respect to the former, as individuals complete a task, they have a goal or aspiration as to what constitutes satisfactory performance

(Locke and Bryan 1967, Greve 1998). If their performance meets or exceeds the goal, they are likely to continue on the same course of action. Yet if their performance falls below the standard (i.e., failure), they may feel motivated to learn and identify the cause of the failure (Cyert and March 1963, Locke et al. 1981). The effects of success may be even more insidious for motivation, since success increases the likelihood of overconfidence, which may further reduce the motivation to learn (Gino and Pisano 2011).

Success and failure may also affect the knowledge that is (or is not) acquired from experience. The behavioral theory of the firm posits that individuals in organizations respond with different actions after success and failure (Cyert and March 1963, March and Simon 1993). After a success, individuals are likely to conclude that they already have the appropriate knowledge needed to understand the situation and, as a result, engage in a limited, local search for additional information. Therefore, rather than revisiting their existing assumptions, beliefs, and schemas, they are likely to refine them (Lant 1992).

On the other hand, after failure, individual decision makers are likely to engage in a different kind of search. First, they may look for information in new places. This could entail both increased breadth of search (e.g., books or new experts) and increased depth (more time spent with each source). Second, failure may change the way people process information. Failure reveals that existing ways of operating are no longer sufficient or appropriate and that prior assumptions are incorrect (Sitkin 1992). Thus, individuals may be more willing to engage in reflection that can improve learning (Argyris and Sch  n 1978). Furthermore, by opening themselves to the idea that the prior schema was flawed, individuals may consult information they previously deemed irrelevant (or at least unnecessary) and in doing so create new and potentially improved beliefs that will positively affect future performance (Piaget 1963).

Whereas the prior arguments point toward a stronger effect for learning from failure than from success, attribution theory suggests that at the individual level, learning from failure may be much less straightforward. Research in psychology finds that people strive to understand their own prior experiences and those of others by making attributions about events (Heider 1958, Wong and Weiner 1981). For example, suppose that an individual reads about a student's performance on a test and then must judge the student's knowledge and ability to decide whether to admit him to a Quizbowl team (Moore et al. 2010). The individual's inferences about the information provided to her require accurate attributions of the cause-and-effect relationships that led to the outcome. For instance, a student may have received a low score on the test after correctly answering only 2 questions

out of 10. However, before concluding that the student is not very knowledgeable, the individual making the judgment should consider the difficulty of the test and how it may have impacted the student's ability to answer the questions. An individual's outcomes are jointly determined by his choices and the situation in which he acts, yet studies indicate that people often do not weight these factors appropriately (Jones and Davis 1965). For example, low lighting on a basketball court increases the difficulty of making a shot, but one study found that shooters randomly assigned to a less well-lit court were judged less capable than shooters assigned to a well-lit court (Ross et al. 1977). Even when people are provided with full information about a situation (e.g., average score on the test and standard deviation), they still make biased attributions of another person's ability (Moore et al. 2010).

Furthermore, psychological research on attribution finds that people incorrectly weight the individual and situational effects on behavior in systematic ways based on whether they are evaluating themselves or someone else (Heider 1958). In particular, when individuals assess their own performance, they are likely to overweight situational forces and underweight individual forces, but when they assess others' performance, they do just the opposite: they tend to underweight situational forces and overweight individual forces (Gilbert and Malone 1995, Ross 1977).

In this paper, we examine the question of how attributions affect subsequent performance improvement and learning. Research suggests that learning occurs through repeated cycles of action and reflection (Argyris and Schön 1978) and that the attributions a person makes will affect her reflection process, or lack thereof. Early attribution research in psychology examined how people's different attributions affected their subsequent effort and motivation, and identified four categories of attributions: effort, ability, task difficulty, and luck (Weiner 1974). Ability and effort are perceived as causes originating within the individual (internal causes); task difficulty and luck are perceived as causes outside the individual (external causes). One important dimension on which internal causes differ is their degree of controllability: whereas effort is controllable, ability often is not, as people tend to believe it is innate and cannot be changed (Weiner 1979, 1995). The types of attributions people make about the causes of their successes and failures influence motivation and effort in subsequent tasks (and thus learning) in different ways (Weiner 1974). In achievement contexts, where individuals want to perform well (for instance, based on given goals they set for themselves), they tend to attribute their own success to their effort and ability. Because they have control over their own effort and actions, these attributions motivate them to exert effort in subsequent tasks so that they can continue

to improve and learn (Weiner 2001). When interpreting their own failures, instead, individuals tend to make external attributions, pointing to factors that are outside of their direct control (such as luck). As a result, they are less motivated to exert effort on the same task in the future (Weiner 2001). In fact, believing that factors that one can control directly lead to success promotes greater effort and learning, which may help people avoid future failures (Bandura 1977). Thus, even though an individual failure may contain valuable knowledge, without subsequent effort to reflect on that experience, the potential learning will remain untapped. Furthermore, since individuals tend to seek knowledge about themselves in ways designed to yield flattering results (Sedikides 1993), even if someone were to engage in reflection after failing, he might seek knowledge to explain away the failure. In its most extreme form, failure could lead to worse performance because, in an effort to enhance his own self-image, an individual could glean the wrong, misleading lessons from the prior experience.

The relationship between attributions and subsequent effort is also likely to affect learning from the experience of others. When another person is successful, a focal individual is likely to make an external or situational attribution for that success. Attributing the other person's success to factors such as luck or task difficulty may decrease an individual's willingness to exert additional effort to learn because these factors are outside his control. By contrast, we may be more likely to learn from the failures of others. An individual is likely to believe that another person's failure was caused by her effort and actions. As a result, the individual may exert additional effort to understand what went wrong in the belief that she can avoid a similar fate. This is consistent with the concept of self-enhancement motives (Taylor and Brown 1988). Because people want to see themselves as capable and successful, and thus seek information consistent with such self-views (Sedikides 1993), they are likely to note and process others' failures so that they can avoid failing in the same ways and suffer from a negative self-evaluation (Audia and Brion 2007, Jordan and Audia 2012). Given that failure may yield valuable knowledge, this also suggests that, in practice, others' failures may generate the most learning of all for an individual.

Together, these arguments lead to two hypotheses about how individuals learn directly from their own prior experiences and indirectly from the experiences of others. First, we predict that individuals will learn more from their own successes as compared to their own failures. Second, we predict that individuals will

learn more from others' failures than from others' successes. Thus, we hypothesize the following:

HYPOTHESIS 1. *The prior successes of an individual have a greater effect on the individual's current performance than do the individual's prior failures.*

HYPOTHESIS 2. *The prior failures of other individuals have a greater effect on an individual's current performance than do the prior successes of others.*

As Hypothesis 1 suggests, attribution theory leads us to predict that individuals will learn less from their own failures than from their own successes. What conditions can help to counteract this effect and, in so doing, increase learning after an individual's own failure? To address this question, we first consider the role of an individual's prior successes. We suggest that past experience with individual success may create a foundation for an individual to learn more from a recent individual failure. In general, one of the reasons people tend to attribute their own failures to external rather than internal factors is that failure constitutes a threat to their abilities and positive self-concept. After a successful experience, this perceived threat is likely to disappear. As a result, people are likely to make less self-serving attributions, and thus are less likely to attribute failure to external factors. Consistent with these arguments, Campbell and Sedikides (1999) found that when people experience little self-threat, they are less likely to make self-serving attributions. This lowered need for self-serving attributions may help an individual exert effort after a failure and attempt to learn from it (Audia and Brion 2007, Jordan and Audia 2012).

Past successful experience may also provide the individual with information that helps her better interpret a failure. As an individual gains successful experience, she begins to understand how to complete a task and how the different components of the task fit together (Bohn 2005). This underlying causal knowledge may increase the learning rate from an individual failure experience. First, when an individual understands a given context, she is more likely to recognize a failure for what it is, a gap in existing knowledge or practice. When she has a better comprehension of how things work, it will be more difficult for her to blame the outcome on the situation (Moore et al. 2010). Not only may prior successful experience increase the likelihood of recognizing a failure as an individual responsibility, thus creating the motivation to improve, but prior successful experience may also help the individual use such knowledge more effectively. After a failure, an individual may look for information in different places. Prior successful experience can serve as a guide on where

to look (Blume and Franco 2007). Also, when an individual engages in reflection, prior successful experience may prove useful because it provides knowledge on what has worked in the past. Combined with the knowledge gained through failure, an individual can work through the process of creating and then testing new hypotheses. Finally, research on associative learning offers evidence as to why prior success may help individuals respond to failure (Sternberg 2003). When failure occurs after a series of successes, it marks a salient deviation that may be noticed precisely because of its salience (Taylor and Fiske 1978). Furthermore, the combination of failure and success experiences creates the ability to compare knowledge gained in each situation, reducing uncertainty in the causal relationships in each case (Morris and Moore 2000). Consistent with this argument, at the organization level, Kim et al. (2009) find evidence of a beneficial interaction effect between success and a near-failure experience on firm survival. Together, this reasoning leads us to hypothesize the following:

HYPOTHESIS 3. *An individual's prior failures and prior successes have a complementary (i.e., positive interaction) effect on the individual's current performance.*

Finally, we consider how the failures of others may affect an individual's ability to learn from his or her own failures. Research has found that salient, distinctive, and visible information facilitates the attribution process because such information tends to easily capture attention (Heider 1958, Taylor and Fiske 1978). As negative events, failures are more vivid and salient than successes (Baumeister et al. 2001). Thus, others' failures are likely to improve one's ability to learn from personal failure, for this and two additional reasons. First, others' failures change how people internalize their own failures (Wood and Bandura 1989), triggering a process of reflection that allows people to identify new ways of approaching problems. As noted previously, individuals are likely to attribute others' failures to a lack of effort or ability (internal causes). When someone sees others fail, and interprets those failures to others' actions and effort (namely, controllable factors), she may become more willing to accept responsibility for her own personal failures and possibly learn from them. Thus, when people recognize failure as a possibility, they become willing to own up to their own actions rather than blaming the situation.

Others' failures may also improve individual learning from one's own failure by creating the opportunity for a first-mover advantage.¹ Namely, an individual gains the opportunity to shine by solving problems caused by others' failures. This is consistent with the earlier discussion of self-enhancement; when

¹ We thank an anonymous reviewer for this suggestion.

an individual solves a problem that others have, she may be seen in a more positive light. Given the potential benefits of others' failures for both an individual's motivation and her problem-solving and information processing, we hypothesize the following:

HYPOTHESIS 4. *An individual's prior failures and the prior failures of others have a complementary (i.e., positive interaction) effect on the individual's current performance.*

3. Setting, Data, and Empirical Strategy

3.1. Setting

Cardiac care is a high-volume, high-revenue service sector, accounting for one-third of the entire patient volume in the United States and over a third of all Medicare spending (AHA 2008). In particular, coronary artery disease, a clinical condition in which plaque builds up in the arteries that supply oxygenated blood to the heart muscle (or the myocardium), affects millions of individuals. Left untreated, this condition can lead to adverse physiological function, angina (chest discomfort), and heart attacks. Congestive artery disease is the leading cause of death for men and women in the United States (AHA 2008).

One of the most common clinical interventions for congestive artery disease is to bypass the blocked vessels using another donor vessel. This procedure, known as coronary artery bypass grafting (CABG), has helped millions of patients since its development in the late 1960s. CABG is an invasive procedure in which the heart is stopped while the cardiothoracic surgeon performs the grafting procedure. Once the vessels have been sutured into place, the heart is then restarted. The process of stopping and restarting the heart has been shown to adversely impact patient health. CABG patients have been shown to have an elevated risk of depression and adverse physiological functioning in addition to increased risk of neurological complications such as stroke (Roach et al. 1996).

In the late 1990s, an innovative new CABG procedure known as off-pump (or minimally invasive) CABG was developed that allowed surgeons to operate on the heart without having to stop and restart it. This procedure called for process-level changes (in particular, having to handle and make incisions on the beating heart) and increased surgical skill and dexterity. Specifically, surgeons must extensively study and learn this new procedure before practicing it.

In this paper, we examine the learning curve for surgeons who perform this class of minimally invasive cardiac procedures. We chose this setting for

several reasons. First, learning is a key driver of surgeon success. Second, we can examine clinical outcomes (success or failure) based on the cumulative volume of minimally invasive procedures performed by the surgeon. Third, a significant body of medical literature has examined the clinical drivers of success in cardiac surgery. We can draw on this prior work to generate more accurate *risk-adjusted* measures of outcomes. We also draw on a growing management literature (e.g., Pisano et al. 2001, KC and Staats 2012) that has examined CABG. Fourth, we collect data from early in the deployment of the CABG process, when the greatest learning likely occurred. The most significant of these minimally invasive procedures was introduced in 1998 (Gardner 2001). We observe individual learning for every month beginning in October 1999 for 120 months; therefore, our data set is comprehensive enough to accurately trace the learning curves for the surgeons in our sample.²

3.2. Data

Our data set includes information on all of the minimally invasive cardiac procedures performed in Massachusetts hospitals from October 1999 to September 2009. This includes information about 6,570 minimally invasive procedures performed by 71 cardiac surgeons over the 10-year period. Fifty-four of the patient encounters had incomplete observations and missing covariates, leaving a total of 6,516 observations that we use in our analysis. Our outcome variable or quality measure is the in-hospital post-operative mortality rate, which is the most commonly used metric for benchmarking the performance of surgeons and institutions that perform cardiac surgery. Several patient-level factors have been shown to impact surgical outcomes, such as demographic variables, including age, gender, and race. Preexisting risk factors, such as incidence of diabetes and poorly functioning bodily organs, are also known to affect outcomes (Nashef et al. 2002). To account for these risks, we include these patient-level factors in our analysis. We find that the average age of a patient undergoing a minimally invasive cardiac procedure is about 67 years (standard deviation 11.2). The majority of patients have at least one significant accompanying clinical risk (e.g., cerebrovascular disease, neurologic or pulmonary risk, diabetes). Table 1 provides summary statistics of the data.

Our analysis focuses on estimating learning from failure and successful experience. Because individual surgeon-level heterogeneity, such as reputation and

² As noted by Lapré and Tsikriktsis (2006), studies that examine learning curves long after production has started are not biased. They are, however, estimating learning rates for a latter part of the learning curve.

Table 1 Patient Summary Statistics

Variable	Mean	Std. dev.	Median
<i>Risk-adjusted mortality</i>	0.0353	0.06625	0.0122
<i>Age</i>	67.53	11.16	69
<i>Gender (female = 1)</i>	0.287	0.453	0
<i>Charlson score</i>	0.909	1.034	1
<i>Cerebrovascular disease</i>	0.0904	0.287	0
<i>COPD</i>	0.157	0.364	0
<i>Diabetes</i>	0.290	0.454	0
<i>Diabetes with complications</i>	0.0517	0.221	0
<i>Chronic renal failure</i>	0.050	0.218	0
<i>Incidence of myocardial infarction</i>	0.292	0.454	0
<i>PTCA</i>	0.0395	0.195	0

Note. $N = 6,516$ patients.

training, could impact performance, we include the encrypted surgeon identifier and the unique patient-surgeon pairs in our analysis. Specifically, we observe the patient controls, the specific surgeon who operated on the patients, the level of experience the surgeons had by the time they performed the surgery, and the outcome of the surgery.

In general, accurately estimating an individual worker's learning curve is challenging for two reasons. First, perfecting a highly specialized task such as a minimally invasive surgical procedure takes years. Because learning occurs over a long time horizon, an accurate estimation of individual learning curves calls for a long panel of observations. Second, data collection ideally should start at the beginning of the learning curve, when the surgeon first starts to perform the procedure, which is when the greatest learning is likely to occur. Our comprehensive data set allows us to overcome both of these challenges: We not only observe surgeon learning over a 10-year period, but also begin the observations close to the introduction of the procedure into the marketplace. Because we include the surgeon identifier in our analysis, our estimates examine the effect of cumulative volume at the *individual* surgeon level. We also observe the hospitals where each surgeon practices. This allows us to generate a list of surgeons who practiced at the same hospital and estimate the effect of failures and successes of all other surgeons from that hospital. This is our measure of others' failures and successes, respectively. Our empirical analysis also includes the hospital fixed effect, which accounts for effects of group membership on outcomes.

3.3. Empirical Strategy

In the discussions below, the subscript s denotes the surgeon, i denotes the patient, and t denotes time. The key outcome variable in our analyses, $MORT_{ist}$, equals 1 if patient i , who underwent a minimally invasive cardiac procedure performed by surgeon s at time t , died, and 0 otherwise. Multivariate logistic

regression is widely used to model such binary outcomes in cardiac surgery (Nashef et al. 2002) and in the literature on operational productivity and quality of care (KC and Terwiesch 2009, KC and Staats 2012). We use the vector X_{it} to denote patient-level covariates that are known to impact outcomes. In particular, X_{it} includes patient demographic factors as well as clinical risk factors. The vector T_t includes temporal factors, including the month and year of a procedure as well as the day of the week.

Our primary explanatory variables are the cumulative volume of minimally invasive procedures performed by surgeon s at time t . Specifically, we define the cumulative experience as follows:

$$E_{FAIL_{st}} = \sum_{t'=t_0}^t \sum_i I_{ist'} \times FAIL_{it'}, \quad \text{and}$$

$$E_{SUCC_{st}} = \sum_{t'=t_0}^t \sum_i I_{ist'} \times (1 - FAIL_{it'}),$$

where $I_{ist'} = 1$ if surgeon s performed a minimally invasive cardiac procedure on patient i at time t' between the beginning of our study period (t_0) and time t , and 0 otherwise. Also, $SUCC_{it} = 1$ if the minimally invasive procedure performed on patient i at time t was successful, and $FAIL_{it'} = 1$ otherwise. Thus, $E_{SUCC_{st}}$ and $E_{FAIL_{st}}$ are the cumulative volumes of successes and failures for surgeon s at time t , respectively. Similarly, we define $E_{FAIL_OTHERS_{st}}$ and $E_{SUCC_OTHERS_{st}}$ to be the cumulative failures and successes of the other cardiac surgeons who work in the same hospital as surgeon s .

To explore the impact of individual failures and successes, and those of others, we use the following empirical specification.³

$$\ln \left[\frac{\Pr(MORT_{ist} = 1 | X_{it})}{1 - \Pr(MORT_{ist} = 1 | X_{it})} \right] \\ = \alpha + X_{it}\beta_0 + S_s + H_h + T_t + \beta_1 E_{SUCC_{st}} + \beta_2 E_{FAIL_{st}} \\ + \beta_3 E_{SUCC_OTHERS_{st}} + \beta_4 E_{FAIL_OTHERS_{st}} + \varepsilon_{ist},$$

where S_s denotes the *surgeon fixed effect*. This allows us to account for unobserved surgeon-level heterogeneity, including reputation, training, and medical background. Because some surgeons practice at more than one hospital, we also include the hospital fixed effect, H_h , which allows us to account for unobserved

³ We use counts of our experience variables, rather than their logs for two reasons. First, the log-linear learning curve model is derived from theory, and supported empirically, the log-log learning curve model is just from empirical results (Lapr   et al. 2000). Second, if experience has been gained before the start of the data set, the log-log learning curve model will yield biased coefficients (Lapr   and Tsikriktsis 2006). Some surgeons have experience before the start of our data set and so a log-linear model is preferred.

hospital-level heterogeneity. The vector T_t includes temporal factors, including the time period when the surgery was performed (specifically, a unique identifier for the month and year of a procedure) as well as the day of the week. The time fixed effect allows us to account for any changes in the underlying technology over time. Our estimators of concern are β_1 and β_2 , which capture the effect of an additional unit of experience (i.e., one more single cardiac procedure) from a success and failure for surgeon s in reducing the likelihood of risk-adjusted mortality for patient i at time t . ε_{ist} is the random error term. Likewise, β_3 and β_4 capture the effect of learning from the success or failure of a coworker in reducing the likelihood of risk-adjusted mortality for patient i at time t . A larger negative value for β_1 as compared to β_2 would provide support for Hypothesis 1. Similarly, a larger negative value for β_4 as compared to β_3 would provide support for Hypothesis 2. We note that the above specification follows a long line of research in cardiac risk stratification that links patient risk variables to outcomes using a logistic regression (see also, Parsonnet et al. 1989, Higgins et al. 1992, Nashef et al. 2002). We augment this prior work to examine the effect of cumulative individual failures and successes as well as those of others.

We next consider the interaction effects that we hypothesized earlier: the moderating effect of individual success on individual failures, as well as the moderating effect of the failures of others on the failures of individuals. The following empirical specification includes these interaction terms:

$$\ln \left[\frac{\Pr(\text{MORT}_{ist} = 1 | X_{it})}{1 - \Pr(\text{MORT}_{ist} = 1 | X_{it})} \right] \\ = \alpha + X_{it}\beta_0 + S_s + H_h + T_t + \beta_1 E_{\text{SUCC}_{st}} + \beta_2 E_{\text{FAIL}_{st}} \\ + \beta_3 E_{\text{SUCC}_{\text{OTHERS}_{st}}} + \beta_4 E_{\text{FAIL}_{\text{OTHERS}_{st}}} + \gamma_1 E_{\text{SUCC}_{st}} \\ \times E_{\text{FAIL}_{st}} + \gamma_2 E_{\text{FAIL}_{st}} \times E_{\text{FAIL}_{\text{OTHERS}_{st}}} + \varepsilon_{ist},$$

where γ_1 captures the interaction effect of individual successes and failures. A negative value for γ_1 would support Hypothesis 3. Similarly, γ_2 captures the effect of synergy (or lack thereof) between individual failures and the failures of others. A negative value would support Hypothesis 4.

Finally, for completeness, we use the empirical specification reported above, but we include the interaction effect of individual and others' successes: $\gamma_3 E_{\text{SUCC}_{st}} \times E_{\text{SUCC}_{\text{OTHERS}_{st}}}$. Attribution theory does not lead to a particular prediction for this coefficient. In this model, γ_3 would capture the effect of any synergy between individual successes and others' successes. If individuals are more likely to learn from collective successes, we would find a negative coefficient for the interaction ($\gamma_3 < 0$); if the collective successes of others do not have such synergistic effects, we would find a nonsignificant effect.

4. Results

Hypothesis 1 predicted that an individual's prior success would have a greater positive effect on the individual's performance than her prior failure. Note that as our dependent variable is patient mortality; a negative coefficient is related to lower predicted mortality and therefore to *positive* performance. To test our first hypothesis, we examined the impact of one's own prior successes and failures on individual learning. As shown in Table 2, we find that individual failure does not lead to an improvement in surgical outcomes, as demonstrated by the positive and statistically significant coefficient of cumulative volume of minimally invasive surgical procedures (coefficient = 0.1709, $p < 0.05$). This corresponds to a decline in surgical performance by 76% for a standard deviation increase in the number of unsuccessful procedures for the surgeon. By contrast, individual success is associated with improved surgical outcomes, as demonstrated by the negative and statistically significant effect for individual surgeon-related experience (coefficient = -0.00727 , $p < 0.05$). This corresponds to an improvement in surgical outcome by a factor of 46% for a standard deviation increase in the number of successful procedures for the surgeon. The month and year fixed effects capture the effect of temporal improvements (e.g., better technology) during the period of study. Therefore, our individual surgeon estimates are obtained from cumulative experience above

Table 2 Effects of Cumulative Successes and Failures on Outcome

	(1)	(2)
Individual cumulative failure	0.1709 (0.077)**	0.257 (0.08)***
Individual cumulative success	-0.00727 (0.0036)**	-0.0108 (0.005)**
Others' cumulative failure	-0.0354 (0.0197)*	-0.040 (0.023)*
Others' cumulative success	-0.00019 (0.00162)	0.0012 (0.0016)
Surgeon fixed effect	Yes	Yes
Hospital fixed effect	Yes	Yes
Time fixed effect (month, year)	Yes	No
Day of week	Yes	Yes
Patient race	Yes	Yes
Patient age	Yes	Yes
Patient gender	Yes	Yes
Charlson score	Yes	Yes
Cerebrovascular disease	Yes	Yes
COPD	Yes	Yes
Diabetes	Yes	Yes
Diabetes with complications	Yes	Yes
Chronic renal failure	Yes	Yes
PTCA	Yes	Yes
Previous myocardial infarction	Yes	Yes
Length of stay	Yes	Yes
Number of vessels bypassed	Yes	Yes
Likelihood ratio ($\Pr > \chi^2$)	< 0.0001	< 0.0001

Notes. $N = 6,516$. Asymptotic standard errors clustered by surgeon in parentheses.

*10% statistical significance; **5% statistical significance; ***1% statistical significance.

Table 3 Effects of Cumulative Volume on Outcome

	(1)	(2)
<i>Individual cumulative volume</i>	−0.00217 (0.0012)*	−0.00187 (0.001)*
<i>Surgeon fixed effect</i>	Yes	Yes
<i>Hospital fixed effect</i>	Yes	Yes
<i>Time fixed effect (month, year)</i>	Yes	No
<i>Day of week</i>	Yes	Yes
<i>Patient race</i>	Yes	Yes
<i>Patient age</i>	Yes	Yes
<i>Patient gender</i>	Yes	Yes
<i>Charlson score</i>	Yes	Yes
<i>Cerebrovascular disease</i>	Yes	Yes
<i>COPD</i>	Yes	Yes
<i>Diabetes</i>	Yes	Yes
<i>Diabetes with complications</i>	Yes	Yes
<i>Chronic renal failure</i>	Yes	Yes
<i>PTCA</i>	Yes	Yes
<i>Previous myocardial infarction</i>	Yes	Yes
<i>Length of stay</i>	Yes	Yes
<i>Number of vessels bypassed</i>	Yes	Yes
Likelihood ratio ($\text{Pr} > \chi^2$)	< 0.0001	< 0.0001

Notes. $N = 6,516$. Asymptotic standard errors clustered by surgeon in parentheses.

*10% statistical significance.

and beyond these temporal factors. The patient-level controls, where statistically significant, all have the expected signs. The coefficients for the effects of individual prior successes and individual prior failures are statistically different; a Wald test rejected the null hypothesis that the coefficients for the impact of failure and success are equal ($p = 0.02$). This provides support for the hypothesis that individual prior success has a greater positive effect on performance than does individual prior failure. On balance, however, increased experience has a beneficial impact on outcomes. Based on an alternative empirical specification, where we examine the impact of cumulative experience (regardless of outcome) on future outcomes, we find the estimate of cumulative volume to be -0.00217 ($p < 0.10$) (see Table 3). This corresponds to an improvement in surgical outcomes by a factor of 17.3% for a standard deviation increase in the volume of overall experience.

Hypothesis 2 predicted that the prior failures of other workers would have a greater effect on an individual's performance than the prior successes of others. We find that the failures of others (coefficient = -0.0354 , $p < 0.10$) have a significant beneficial effect in improving outcomes of individual surgeons, and that the successes of others do not show a statistically significant relationship (coefficient = -0.00019 , $p > 0.10$). This corresponds to an improvement in surgical outcomes by a factor of 37.5% for a standard deviation increase in the failures of others. To compare the magnitude of these two effects on individual learning, we tested the null hypothesis that the coefficient for

the effect of a prior failure of another worker is no different from the coefficient that captures the effect of a prior success of another worker. A Wald test rejected this null hypothesis ($p = 0.08$), leading to support for Hypothesis 2.

Next, we examine Hypothesis 3, which predicted that an individual's prior failures and prior successes would have a positive, complementary effect on individual performance. To test this hypothesis, in Table 4 (model (1)) we include the interaction effects between individual successes and failures. As predicted, we find that with each additional success, a failure offers greater opportunity to learn (coefficient = -0.00189 , $p < 0.01$). Finally, we consider the interaction effect of individual failures and the failures of others to test Hypothesis 4, which predicted that an individual's prior failures and the prior failures of others would have a positive, complementary effect on the individual's performance. Consistent with this hypothesis, we find (model (2)) that individual failures and the failures of others interact to have a beneficial learning experience (estimate = -0.00699 , $p < 0.01$).

Finally, for completeness, we consider the interaction effect of individual successes and the successes of others even though we did not develop a specific hypothesis about this interaction. As shown in model (4) of Table 4 (and in model (3) without the other interactions), we do not find a statistically significant effect for this interaction term. Thus, it appears that an individual's prior successes and the prior successes of others do not have a statistically significant effect on one's own learning.

As a test of robustness for the effect of learning from individual failures and successes, we include a specification that includes quadratic terms for self-failure and self-success (see Table 5). We find that the quadratic term for failures is positive and the quadratic term for success is negative. The coefficients on the quadratic terms are not large enough to produce U -shaped effects within the range of the data. However, they do suggest an attenuation of the effects of individual failures and successes over time. This result is different from that of Reagans et al. (2005), who find that performance worsens with individual experience before improving. We note that Reagans et al. (2005) examine total experience (not success/failure) as well as inexperienced team members (residents or fellows). The surgeons in minimally invasive CABG are all board certified. An interesting extension of our work would be to examine a setting with individuals new to the field to study whether they are more or less prone to the effects we identify than those with more experience.

Table 4 Interaction Effect of Cumulative Successes and Failures on Outcome

	(1)	(2)	(3)	(4)
<i>Individual cumulative failure</i>	0.521 (0.099)***	0.458 (0.139)***	0.524 (0.166)***	0.707 (0.159)***
<i>Individual cumulative success</i>	0.00097 (0.00378)	−0.00951 (0.00336)***	−0.00931 (0.003)***	−0.0109 (0.00933)
<i>Others' cumulative failure</i>	−0.0263 (0.022)	0.014 (0.0223)	0.022 (0.0197)	0.013 (0.0288)
<i>Others' cumulative success</i>	−0.0076 (0.00163)	−0.00015 (0.00017)	0.00254 (0.00179)	−0.00216 (0.00299)
<i>Individual cum. success × Individual cum. failure</i>	−0.00189 (0.0003)***	—	—	−0.0014 (0.0006)**
<i>Individual cum. failure × Others' cum. failure</i>	—	−0.00699 (0.00226)***	—	−0.00618 (0.0034)*
<i>Individual cum. success × Others' cum. success</i>	—	—	−0.000006 (0.000009)	0.000013 (0.000015)
<i>Surgeon fixed effect</i>	Yes	Yes	Yes	Yes
<i>Hospital fixed effect</i>	Yes	Yes	Yes	Yes
<i>Time fixed effect (month, year)</i>	Yes	Yes	Yes	Yes
<i>Day of week</i>	Yes	Yes	Yes	Yes
<i>Patient race</i>	Yes	Yes	Yes	Yes
<i>Patient age</i>	Yes	Yes	Yes	Yes
<i>Patient gender</i>	Yes	Yes	Yes	Yes
<i>Charlson score</i>	Yes	Yes	Yes	Yes
<i>Cerebrovascular disease</i>	Yes	Yes	Yes	Yes
<i>COPD</i>	Yes	Yes	Yes	Yes
<i>Diabetes</i>	Yes	Yes	Yes	Yes
<i>Diabetes with complications</i>	Yes	Yes	Yes	Yes
<i>Chronic renal failure</i>	Yes	Yes	Yes	Yes
<i>PTCA</i>	Yes	Yes	Yes	Yes
<i>Previous myocardial infarction</i>	Yes	Yes	Yes	Yes
<i>Length of stay</i>	Yes	Yes	Yes	Yes
<i>Number of vessels bypassed</i>	Yes	Yes	Yes	Yes
Likelihood ratio ($\text{Pr} > \chi^2$)	< 0.0001	< 0.0001	< 0.0001	< 0.0001

Notes. $N = 6,516$. Asymptotic standard errors clustered by surgeon in parentheses.

*10% statistical significance; **5% statistical significance; ***1% statistical significance.

To rule out the possibility of patient selection as a possible driver of our results, we examined the correlation between patient preoperative risk and the failures of individual surgeons. This allows us to examine whether surgeons that fail operate on patients with greater risk factors. The preoperative risk was obtained by using the patient and procedural risk factors to predict the mortality rate. We find a lack of statistically significant correlation between the preoperative mortality risk and the previous failures for a given surgeon ($p = 0.419$), which rules out the possibility of a statistically significant effect of patient selection or matching on observable factors. As an additional check of robustness, we estimate the cumulative successes and failures of surgeons at other hospitals. We then include these newly constructed measures in our empirical specification. We find that failures and successes at other hospitals do not have a statistically significant effect on a surgeon's learning. This rules out the possibility of other industry- or technology-related confounders for our estimates.

5. Discussion and Conclusion

5.1. Discussion of Results

Prior research on organizational learning has explored the effects of both prior success and failure, yet individuals are likely to learn differently than organizations. In this paper, we examined how individuals learn directly from their own past experience and indirectly from the past experience of others for both success and failure. We theorize and find evidence for a *paradox of failure*: Individuals learn from the failures of others, but not from their own failures. Our empirical results add to existing research on individual learning in organizations and reveal new questions for future research. First, we find that individuals not only learn more from their own successful experiences than from their own failures, but that their performance worsens after failure. While our empirical design does not permit us to identify the mechanisms that drive this result, our underlying theory offers reasons for it. Attribution theory suggests that after individuals fail, they may be less likely

Table 5 Robustness Test

	(1)
<i>Individual cumulative failure</i>	0.903 (0.163)***
<i>Individual cumulative success</i>	−0.0314 (0.009)***
<i>Others' cumulative failure</i>	−0.0384 (0.020)*
<i>Others' cumulative success</i>	0.00028 (0.0018)
<i>Individual cumulative failure sq.</i>	−0.0314 (0.0087)***
<i>Individual cumulative success sq.</i>	0.000048 (0.0000)***
<i>Surgeon fixed effect</i>	Yes
<i>Hospital fixed effect</i>	Yes
<i>Time fixed effect (month, year)</i>	Yes
<i>Day of week</i>	Yes
<i>Patient race</i>	Yes
<i>Patient age</i>	Yes
<i>Patient gender</i>	Yes
<i>Charlson score</i>	Yes
<i>Cerebrovascular disease</i>	Yes
<i>COPD</i>	Yes
<i>Diabetes</i>	Yes
<i>Diabetes with complications</i>	Yes
<i>Chronic renal failure</i>	Yes
<i>PTCA</i>	Yes
<i>Previous myocardial infarction</i>	Yes
<i>Length of stay</i>	Yes
<i>Number of vessels bypassed</i>	Yes
Likelihood ratio ($\text{Pr} > \chi^2$)	< 0.0001

Notes. $N = 6,516$. Asymptotic standard errors clustered by surgeon in parentheses.

*10% statistical significance; ***1% statistical significance.

make the effort to learn on the same tasks because they tend to attribute that failure to external circumstances beyond their control, such as luck (Weiner 1974). However, assuming that the outcome was actually a joint function of internal and external factors, failure at least in part signals that something has gone wrong. If an individual does not make an effort to learn what has gone wrong, he may continue using the incorrect strategy going forward and commit even further to the existing solution strategy, even if it is flawed (Staw 1981). This escalation of commitment to a flawed strategy creates the possibility not only of consistently poor performance, but of performing worse over time. Future work should seek to understand this worsening of performance in more detail.

A second question is how our results compare with existing studies of success and failure at the organization level of analysis. Some prior studies have shown that learning from success has a stronger effect than learning from failure (Baum and Dahlin 2007), whereas others have demonstrated the opposite namely, that learning from failure has a stronger effect than learning from success (Li and Rajagopalan 1997, Madsen and Desai 2010). Though we cannot answer the question conclusively, our study offers some insight on these seemingly inconsistent findings. In particular, our results show that both performance improvement and performance degradation occur within the same organization (a hospital) in

response to an individual's failure. While the focal individual does not learn from his or her mistakes, others in the organization appear to do so.

To understand the effects of individual actions on organizational learning, scholars must be careful not to anthropomorphize the organization as they develop and test their theories. Organizational learning cannot be attributed to a single individual's action, because both the focal individual and others in the organization observe and respond to events taking place within it. This is consistent with existing research describing organizations as interpretation systems that attempt to decipher what occurs within them (Daft and Weick 1984, Levitt and March 1988). One implication of this view is that, to understand the effect of success or failure on a firm, it may be necessary to know who the actors were both before and after an event occurs. For example, if managers in the railroad context of Baum and Dahlin (2007) kept their jobs after a failure occurred, possible learning from the failure might not be captured. This would not only prevent organizational learning but could worsen performance, as the researchers find. On the other hand, if the unsuccessful project managers in Madsen and Desai's (2010) orbital launch context were fired after experiencing failure, this might translate to successful organizational learning, as the other managers could observe and learn from the failure. Madsen and Desai (2010) also find that, contrary to the idea of small losses (Sitkin 1992), bigger failures lead to more organizational learning. This finding is consistent with the managerial turnover hypothesis, as larger failures might increase the likelihood of a manager being fired, which might then lead to greater organizational learning.

These are only speculations, but they highlight the many factors that may determine how an organization made up of individuals may learn from success and failure. Further insight could be gained by studying the broad organization's response to failure as well as specific responses, such as those of central actors in the organization. The behavioral theory of the firm explicitly details how organizational processes are compromises between rival factions within an organization (March and Simon 1993). Given that fact, it is important to understand when a failure may lead to a shift in power between factions and result in different interpretations, learning, and outcomes for the organization (Levitt and March 1988). Overall, our findings highlight the need for a multilevel view of organizational learning.

Our work also identifies potentially fruitful directions for future research on the effect of success and failure on individual learning. As noted by earlier research, prior experience may have a varying impact on both the effort and search strategy of the actor. This

suggests a mediation model where a previous outcome leads to a subsequent effort decision followed by a search strategy and then a repetition of the activity. Each of these links is worth additional study, both in the laboratory (through controlled experiments) and in the field. Attribution theory suggests that individual failure may reduce effort in subsequent searches. Failure could potentially improve the search strategy, but not without effort. By studying this model in more detail, future work can not only gain additional insight into the micromechanisms explaining individual learning but can also identify moderators that may help (or hurt) at each stage.

Finally, further work is needed to clarify how moderating variables affect the ways in which individuals internalize failure. We find that individuals with a greater number of prior successes are more able to learn from their failures than are those with fewer successes, a result consistent with the findings of Kim et al. (2009) at the organizational level. Our effect may be a result of reduced self-threat, additional knowledge, or associative learning. In addition to exploring these mechanisms, future research could explore how factors of the task, such as difficulty, uncertainty, or ambiguity, might affect an individual's learning from either success or failure.

Additionally, our moderation results suggest that a greater number of failures by others helps individuals learn from their own failures. Future work could examine the drivers behind this effect. It could be that this result is explained by how an individual views the opportunity provided by failure (e.g., to become a star by solving a difficult problem) or by whether greater failure helps create a culture where failure is seen as an opportunity to learn. Work examining the role of intragroup factors such as psychological safety in the propensity to learn from failure (Edmondson 1999) would also prove valuable. In psychologically safe teams, individuals are willing to take risks; they know that these risks will not be held against them, and that the team accepts the possibility of failure. By building a culture of psychological safety, organizations and teams can assure that members will be more willing and likely to take risks. Yet it is unclear whether such efforts can also increase members' self-reflection and willingness to learn from their failures. Future research could also examine other ways in which managers might intervene to build cultures that can learn from failure. For example, the onboarding process for new workers, during which workers negotiate their identities and shape their expectations of the firm, could offer a key opportunity to accomplish such an objective.

5.2. Limitations

Although our findings are robust to various empirical specifications, there are limitations that should

be noted. We began by tracking the detailed chronological experience of individuals who completed the minimally invasive surgical procedure over a 10-year period. However, we do not have information on the first year of the rollout of the procedure. While our models are not biased in their estimation, future work with more data would be valuable. Also, although we can identify whether one success or failure occurred before another, we cannot know what information individuals actually observed among one another. Prior work at the organizational level suggests that organizations may undersample failures and therefore draw incorrect conclusions (Denrell 2003). While our reported results are statistically valid, future work should explore what knowledge is known and shared under different conditions, and also seek to identify the precise micromechanisms at work.

Next, we focus on one particular performance outcome, that is, the quality of the surgery. This measure is commonly used in healthcare settings (e.g., Huckman and Pisano 2006, KC and Staats 2012) and is clearly an important one given the stakes involved; however, future work could explore the relationships studied here using other outcome measures. For instance, using data from software projects, one could use time of project completion and delivery, as compared to predetermined deadlines, as the performance measure. Similarly, in service settings, one could use customer satisfaction as the outcome measure. In addition, a potential concern with a model such as ours, with a lagged dependent variable in the equation, is dynamic panel bias (Nickell 1981). This problem is particularly troublesome with large n and small T . However, in our data set with a large T , any potential bias from the least squares estimator should be negligible (Judson and Owen 1999). Future work could use an exogenous shock to examine this point in more detail.

We also note that the surgical process is not completed by the surgeon alone; other individuals in the operating room provide assistance. However, the cardiothoracic surgeon is responsible for executing the critical surgical processes on the heart. As is the case in other healthcare studies, we have information about surgeons but not the rest of the surgery team (e.g., Reagans et al. 2005, Huckman and Pisano 2006). Given prior work noting that shared experience among team members can improve performance (Huckman et al. 2009, Huckman and Staats 2011), an interesting future extension of this work would be to explore how familiarity among team members affects our reported results.

Additionally, prior work suggests that the effects from attribution theory are stronger in more individualistic cultures as compared to more collective cultures—for example, Western cultures as compared

to Eastern cultures (Gilbert and Malone 1995). Future work should explore how learning from failure or success operates in different cultures.

Furthermore, in our setting we clearly distinguish between failures (i.e., the patient dies after surgery) and successes (i.e., the patient survives). However, there are other subcategories of success and failure that warrant further study. One of them is *near misses*, defined as an experience that was almost a failure but ended up as a success. Prior research suggests that, as in the case of failures, organizations often fail to learn from near misses (Dillon and Tinsley 2008). Our data do not provide information on near misses, so future research examining when and how individuals learn from near misses in real-world settings, and in healthcare in particular, would be valuable. A second subcategory is that of expected rather than unexpected failures and successes. For instance, in a healthcare context, expected failure may result from a complicated case that went wrong, whereas unexpected failure may result from an easy case that went wrong. Examining the opportunities for individual learning from expected and unexpected failures (as well as successes) could be valuable. The mortality rate in our data is 3%, a small number that limits our ability to split the sample to distinguish between expected and unexpected failures, and draw valid statistical inferences. The effects of attribution theory might be heightened for an individual's own expected failure and weakened for unexpected failure. Future research could also investigate other contexts where expected and unexpected failures (or success) are equally likely. One such context is sports. Teams often have information about their competitors and can form expectations about the likelihood of winning. An additional, related question for further examination involves the probability of success versus failure. In our setting, success is more likely than failure. How might our results change if success was rare and failure was common (e.g., searching for a cure for cancer)?

In addition, surgeons may be affiliated with different medical groups serving each hospital. We have no information about individual medical group affiliations. Although this lack of detail should not bias our results, examining a setting where these data are recorded could be informative as learning often occurs within the smallest group. An eighth limitation is related to individual differences across surgeons. Although we have anonymous surgeon identifiers in our data set to control for individual-level fixed effects, it is possible that specific individual differences among surgeons could provide further explanatory power in our regressions. We do not have such information, but future work could examine whether factors such as gender or educational background have differential effects on the relationships we investigated.

Finally, we control for individual and hospital fixed effects as well as patient preoperative risk. Yet we cannot rule out the possibility of unobserved, time-varying heterogeneity in individual or organizational accident proneness or preoperative patient risk. Surgeons who operate in accident-prone environments or who treat more risky patients are likely to have more adverse outcomes, but (by attribution theory) they are also more likely to attribute their failure to their external circumstances. This kind of justification may mean that these surgeons learn less from failures than do surgeons who are less accident prone and who treat less risky patients. Because our data limitations preclude us from testing this possibility, we present it as an area for future research.

5.3. Theoretical Contributions and Managerial Implications

Our research has implications for healthcare and for organizations more generally. Recent studies suggest that, despite the increased focus on medical errors and investigation, hospitals are not getting safer (Landrigan et al. 2010). We cannot draw a causal connection from our results to this finding, but by improving individuals' ability to learn from prior experience, it may be possible to improve future outcomes. Given that performance in healthcare is quite literally a matter of life and death, it is important for individuals to learn from their successes and failures. Existing inquiry boards and the potential for legal liability may complicate the ability of an individual to learn from his own failures. In particular, instead of focusing on how to learn from a mistake, an individual may have an increased incentive to explain away the mistake. Existing systems may help others learn from an individual's failure; however, it is necessary to design systems that help an individual learn from his own failure. As discussed by Edmondson (2011), for such systems to succeed, leaders must play a key role in helping individuals feel safe about admitting their responsibility for failure and learning from that failure.

We make several theoretical contributions to research in operations management, organizational learning, and healthcare. First, as work grows more fragmented and specialized, the role of individuals in understanding organizational learning increases in importance (Staats and Gino 2012). By focusing on individuals, we gain a more nuanced understanding of how success and failure influence performance in organizations. Drawing on attribution theory, we hypothesize and find that individuals learn more from their own success than from their own failure rather than the opposite. To underscore the point, we find that performance can improve or degrade within an organization in response to the *same* event (a failure). Second, research on vicarious learning notes the

challenges that may come from trying to learn from others (e.g., Bresman 2010). Our research contributes to this line of work by examining the sometimes beneficial and sometimes complicating factor of attributions. We find that the failure of others has a greater positive effect on individual performance than others' successful experience. Third, we examine how one's own prior experience and the experience of others can alter the failure to learn from failure. Our results show that certain types of experience help to counteract individuals' errors of attribution and thus make them more open to learning from their failures. Together, our results advance our understanding of individual learning by drawing on research in psychology on attribution theory. Our findings also offer a call for future work to build more integrative theories of learning in organizations that capture not only the activities at one level (e.g., individual or organizational), but also how they interact to lead to performance improvement and performance degradation.

Acknowledgments

The authors thank Mike Luca, Ella Miron-Spektor, Lamar Pierce, and Enno Siemsen for valuable comments on earlier drafts of this paper. The authors are grateful to Jesper Sørensen, the associate editor, and the referees for providing constructive and developmental assistance throughout the review process. All errors remain the authors' responsibility.

References

- AHA (2008) *American Hospital Association Annual Survey of Hospitals* (American Hospital Association, Washington, DC).
- Argote L, Ingram P (2000) Knowledge transfer: A basis for competitive advantage in firms. *Organ. Behav. Human Decision Processes* 82(1):150–169.
- Argote L, Miron-Spektor E (2011) Organizational learning: From experience to knowledge. *Organ. Sci.* 22(5):1123–1137.
- Argyris C, Schön DA (1978) *Organizational Learning* (Addison-Wesley Publishing, Reading, MA).
- Audia PG, Brion S (2007) Reluctant to change: Self-enhancing responses to diverging performance measures. *Organ. Behav. Human Decision Processes* 102(2):255–269.
- Audia PG, Goncalo JA (2007) Past success and creativity over time: A study of inventors in the hard disk drive industry. *Management Sci.* 53(1):1–15.
- Bandura A (1977) Self-efficacy: Toward a unifying theory of behavioral change. *Psych. Rev.* 84(2):191–215.
- Baum JAC, Dahlin KB (2007) Aspiration performance and railroads' patterns of learning from train wrecks and crashes. *Organ. Sci.* 18(3):368–385.
- Baumeister RF, Bratslavsky E, Finkenauer C, Vohs KD (2001) Bad is stronger than good. *Rev. General Psych.* 5(4):323–370.
- Blume A, Franco AM (2007) Decentralized learning from failure. *J. Econom. Theory* 133(1):504–523.
- Bohn RE (2005) From art to science in manufacturing: The evolution of technological knowledge. *Foundations and Trends in Tech., Inform. Oper. Management* 1(2):129–212.
- Bresman H (2010) External learning activities and team performance: A multimethod field study. *Organ. Sci.* 21(1):81–96.
- Campbell W, Sedikides C (1999) Self-threat magnifies the self-serving bias: A meta-analytic integration. *Rev. General Psych.* 3:23–43.
- Chuang Y-T, Baum JAC (2003) It's all in the name: Failure-induced learning by multiunit chains. *Admin. Sci. Q.* 48(1):33–59.
- Cyert RM, March JG (1963) *A Behavioral Theory of the Firm* (Prentice-Hall, Englewood Cliffs, NJ).
- Daft RL, Weick KE (1984) Toward a model of organizations as interpretation systems. *Acad. Management Rev.* 9(2):284–295.
- Denrell J (2003) Vicarious learning, undersampling of failure, and the myths of management. *Organ. Sci.* 14(3):227–243.
- Dillon RL, Tinsley CH (2008) How near-misses influence decision making under risk: A missed opportunity for learning. *Management Sci.* 54(8):1425–1440.
- Edmondson A (1999) Psychological safety and learning behavior in work teams. *Admin. Sci. Q.* 44(2):350–383.
- Edmondson AC (2002) The local and variegated nature of learning in organizations: A group-level perspective. *Organ. Sci.* 13(2):128–146.
- Edmondson AC (2011) Strategies for learning from failure. *Harvard Bus. Rev.* 89(4):48–55.
- Gardner D (2001) CardioThoracic systems. HBS Case 9-899-281, Harvard Business School, Boston.
- Gilbert DT, Malone PS (1995) The correspondence bias. *Psych. Bull.* 117(1):21–38.
- Gino F, Pisano GP (2011) Why leaders don't learn from success. *Harvard Bus. Rev.* 89(4):68–74.
- Gino F, Argote L, Miron-Spektor E, Todorova G (2010) First, get your feet wet: The effects of learning from direct and indirect experience on team creativity. *Organ. Behav. Human Decision Processes* 111(2):102–115.
- Greve HR (1998) Performance, aspirations, and risky organizational change. *Admin. Sci. Q.* 43(1):58–86.
- Haunschild PR, Sullivan BN (2002) Learning from complexity: Effects of prior accidents and incidents on airlines' learning. *Admin. Sci. Q.* 47(4):609–643.
- Heider F (1958) *The Psychology of Interpersonal Relations* (John Wiley & Sons, New York).
- Higgins TL, Estafanous FG, Loop FD, Beck GJ, Blum JM, Paranandi L (1992) Stratification of morbidity and mortality outcome by preoperative risk factors in coronary artery bypass patients. *J. Amer. Medical Assoc.* 267(17):2344–2348.
- Huckman RS, Pisano GP (2006) The firm specificity of individual performance: Evidence from cardiac surgery. *Management Sci.* 52(4):473–488.
- Huckman RS, Staats BR (2011) Fluid tasks and fluid teams: The impact of diversity in experience and team familiarity on team performance. *Manufacturing Service Oper. Management* 13(3):310–328.
- Huckman RS, Staats BR, Upton DM (2009) Team familiarity, role experience, and performance: Evidence from Indian software services. *Management Sci.* 55(1):85–100.
- Ingram P, Baum JAC (1997) Opportunity and constraint: Organizations' learning from the operating and competitive experience of industries. *Strategic Management J.* 18(S1):75–98.
- Jones EE, Davis KE (1965) From acts to dispositions: The attribution process in person perception. Berkowitz L, ed. *Advances in Experimental Social Psychology*, Vol. 2 (Academic Press, San Diego), 219–266.
- Jordan AH, Audia PG (2012) Self-enhancement and learning from performance feedback. *Acad. Management Rev.* 37(2):211–231.
- Judson RA, Owen AL (1999) Estimating dynamic panel data models: A guide for macroeconomists. *Econom. Lett.* 65(1):9–15.
- KC DS, Staats BR (2012) Accumulating a portfolio of experience: The effect of focal and related experience on surgeon performance. *Manufacturing Service Oper. Management* 14(4):618–633.

- KC DS, Terwiesch C (2009) Impact of workload on service time and patient safety: An econometric analysis of hospital operations. *Management Sci.* 55(9):1486–1498.
- Kim J-YJ, Miner AS (2007) Vicarious learning from the failures and near-failures of others: Evidence from the U.S. commercial banking industry. *Acad. Management J.* 50(3):687–714.
- Kim J-Y, Kim J-YJ, Miner AS (2009) Organizational learning from extreme performance experience: The impact of success and recovery experience. *Organ. Sci.* 20(6):958–978.
- Landrigan CP, Parry GJ, Bones CB, Hackbarth AD, Goldmann DA, Sharek PJ (2010) Temporal trends in rates of patient harm resulting from medical care. *New England J. Medicine* 363(22):2124–2134.
- Lant TK (1992) Aspiration level adaptation: An empirical exploration. *Management Sci.* 38(5):623–644.
- Lapr  MA, Nembhard IM (2010) Inside the organizational learning curve: Understanding the organizational learning process. *Foundations and Trends in Tech., Inform. Oper. Management* 4(1):1–103.
- Lapr  MA, Tsikriktsis N (2006) Organizational learning curves for customer dissatisfaction: Heterogeneity across airlines. *Management Sci.* 52(3):352–366.
- Lapr  MA, Mukherjee AS, Wassenhove LNV (2000) Behind the learning curve: Linking learning activities to waste reduction. *Management Sci.* 46(5):597–611.
- Levitt B, March JG (1988) Organizational learning. *Annual Rev. Sociol.* 14:319–340.
- Li G, Rajagopalan S (1997) The impact of quality on learning. *J. Oper. Management* 15(3):181–191.
- Locke EA, Bryan JF (1967) Performance goals as determinants of level of performance and boredom. *J. Appl. Psych.* 51(2):120–130.
- Locke EA, Shaw KN, Saari LM, Latham GP (1981) Goal setting and task performance: 1969–1980. *Psych. Bull.* 90(1):125–152.
- Madsen PM, Desai V (2010) Failing to learn? The effects of failure and success on organizational learning in the global orbital launch vehicle industry. *Acad. Manage. J.* 53(3):451–476.
- March JG, Simon HA (1993) *Organizations* (Blackwell, Cambridge, MA).
- Moore DA, Swift SA, Sharek Z, Gino F (2010) Correspondence bias in performance evaluation: Why grade inflation works. *Personality Soc. Psych. Bull.* 36(6):843–852.
- Morris MW, Moore PC (2000) The lessons we (don't) learn: Counterfactual thinking and organizational accountability after a close call. *Admin. Sci. Q.* 45(4):737–765.
- Nashef SA, Roques F, Hammill BG, Peterson ED, Michel P, Grover FL, Wyse RK, Ferguson TB (2002) Validation of European system for cardiac operative risk evaluation (EuroSCORE) in North American cardiac surgery. *Eur. J. Cardiothoracic Surgery* 22:101–105.
- Nickell S (1981) Biases in dynamic models with fixed effects. *Econometrica* 49(6):1417–1426.
- Parsonnet V, Dean D, Bernstein AD (1989) A method of uniform stratification of risk for evaluating the results of surgery in acquired adult heart disease. *Circulation* 79(6, part 2):I3–I12.
- Piaget J (1963) *The Psychology of Intelligence* (Routledge, New York).
- Pisano GP, Bohmer RMJ, Edmondson AC (2001) Organizational differences in rates of learning: Evidence from the adoption of minimally invasive cardiac surgery. *Management Sci.* 47(6):752–768.
- Reagans R, Argote L, Brooks D (2005) Individual experience and experience working together: Predicting learning rates from knowing who knows what and knowing how to work together. *Management Sci.* 51(6):869–881.
- Roach GW, Kanchuger M, Mangano CM, Newman M, Nussmeier N, Wolman R, Aggarwal A, et al. (1996) Adverse cerebral outcomes after coronary bypass surgery. *New England J. Medicine* 335(25):1857–1864.
- Ross L (1977) The intuitive psychologist and his shortcomings. Berkowitz L, ed. *Advances in Experimental Social Psychology*, Vol. 10 (Academic Press, San Diego), 173–220.
- Ross L, Nisbett E (1991) *The Person and the Situation: Perspectives of Social Psychology* (McGraw-Hill, New York).
- Ross L, Amabile TM, Steinmetz JL (1977) Social roles, social control, and biases in social-perception processes. *J. Personality Soc. Psych.* 35(7):485–494.
- Sedikides C (1993) Assessment, enhancement, and verification determinants of the self-evaluation process. *J. Personality Soc. Psych.* 65(2):317–338.
- Sitkin SB (1992) Learning through failure: The strategy of small losses. Cummings LL, Staw BM, eds. *Research in Organizational Behavior*, Vol. 14 (JAI Press, Greenwich, CT), 231–266.
- Staats BR (2012) Unpacking team familiarity: The effect of geographic location and hierarchical role. *Production Oper. Management* 21(3):619–635.
- Staats BR, Gino F (2012) Specialization and variety in repetitive tasks: Evidence from a Japanese bank. *Management Sci.* 58(6):1141–1159.
- Staw BM (1981) The escalation of commitment to a course of action. *Acad. Management Rev.* 6(4):577–587.
- Sternberg RJ (2003) *Cognitive Psychology* (Thomson/Wadsworth, Belmont, CA).
- Taylor SE, Brown JD (1988) Illusion and well-being: A social psychological perspective on mental health. *Psych. Bull.* 103:193–210.
- Taylor SE, Fiske ST (1978) Salience, attention and attribution: Top of the head phenomena. Berkowitz L, ed. *Advances in Experimental Social Psychology*, Vol. 11 (Academic Press, New York), 249–288.
- Teece DJ, Pisano G, Shuen A (1997) Dynamic capabilities and strategic management. *Strategic Management J.* 18(7):509–533.
- Weiner B (1974) *Achievement Motivation and Attribution Theory* (General Learning Press, Morristown, NJ).
- Weiner B (1979) A theory of motivation for some classroom experiences. *J. Educational Psych.* 72(1):676–681.
- Weiner B (1995) *Judgments of Responsibility: A Foundation for a Theory of Social Conduct* (Guildford Publications, New York).
- Weiner B (2001) Intrapersonal and interpersonal theories of motivation from an attribution perspective. Salili F, Chiu C, Hong Y, eds. *Student Motivation: The Culture and Context of Learning*, The Springer Series on Human Exceptionality (Springer, New York), 17–30.
- Wong PTP, Weiner B (1981) When people ask “Why” questions, and the heuristics of attributional search. *J. Personality Soc. Psych.* 40(4):650–663.
- Wood R, Bandura A (1989) Social cognitive theory of organizational management. *Acad. Management Rev.* 14(3):361–384.