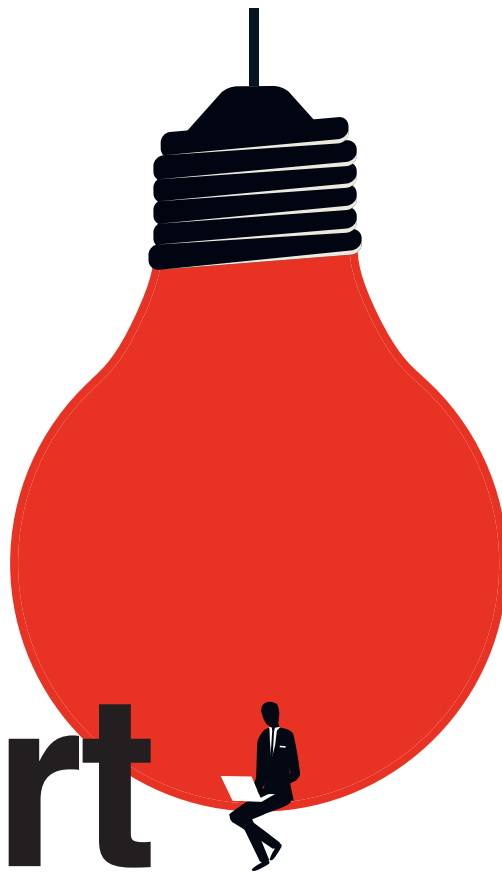


What kind of organization learns from its failures?

Jabok Koo
(Co-CEO of the Tri-C Psychology Institute)



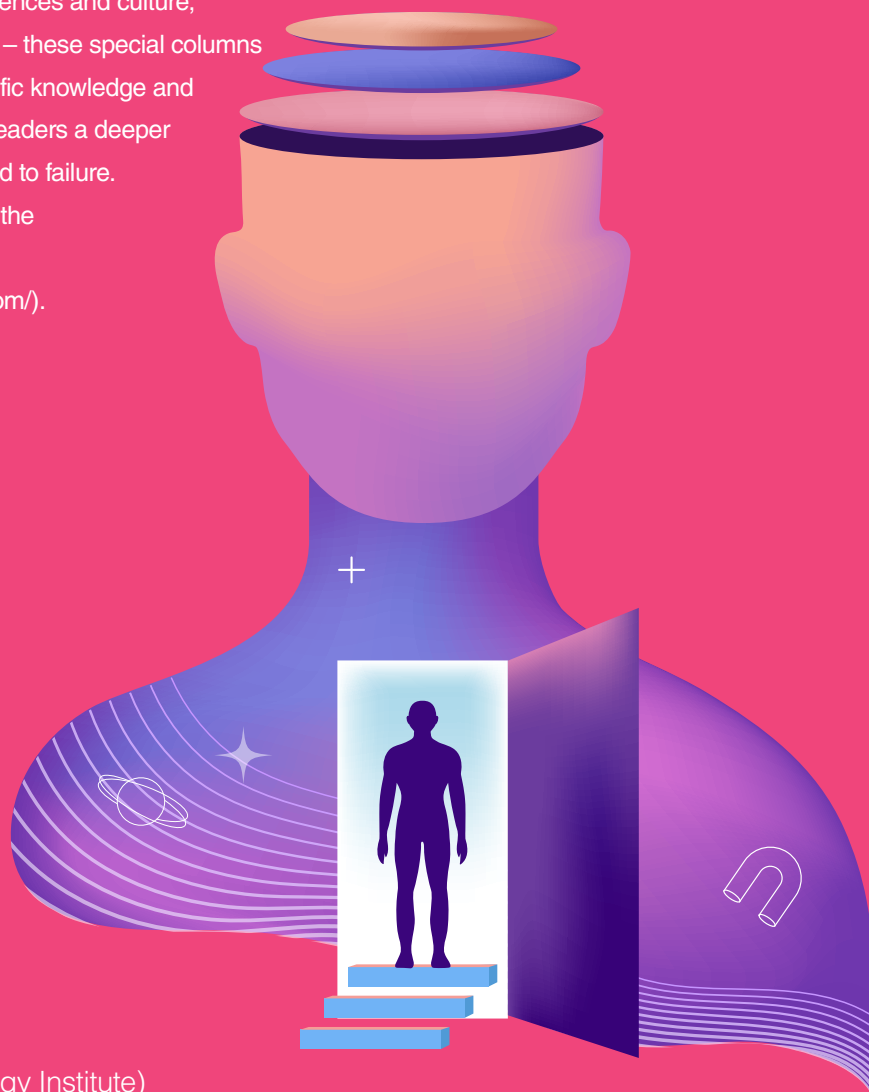
Expert Column

Expert Column

Special Feature

<The Psychology of Failure >

The KAIST Center for Ambitious Failure plans to publish a series of expert columns titled 'The Psychology of Failure' in collaboration with the psychology journal 「Psychology in My Life: mind」. Written by psychology experts in various fields – learning and motivation, clinical research and counseling, social sciences and culture, industry and organizational studies – these special columns aim to convey a rich array of scientific knowledge and diverse perspectives that will give readers a deeper dive into various phenomena related to failure. This series will also be featured on the 「Psychology in My Life: mind」 website (<http://www.mind-journal.com/>).

**Jabok Koo**

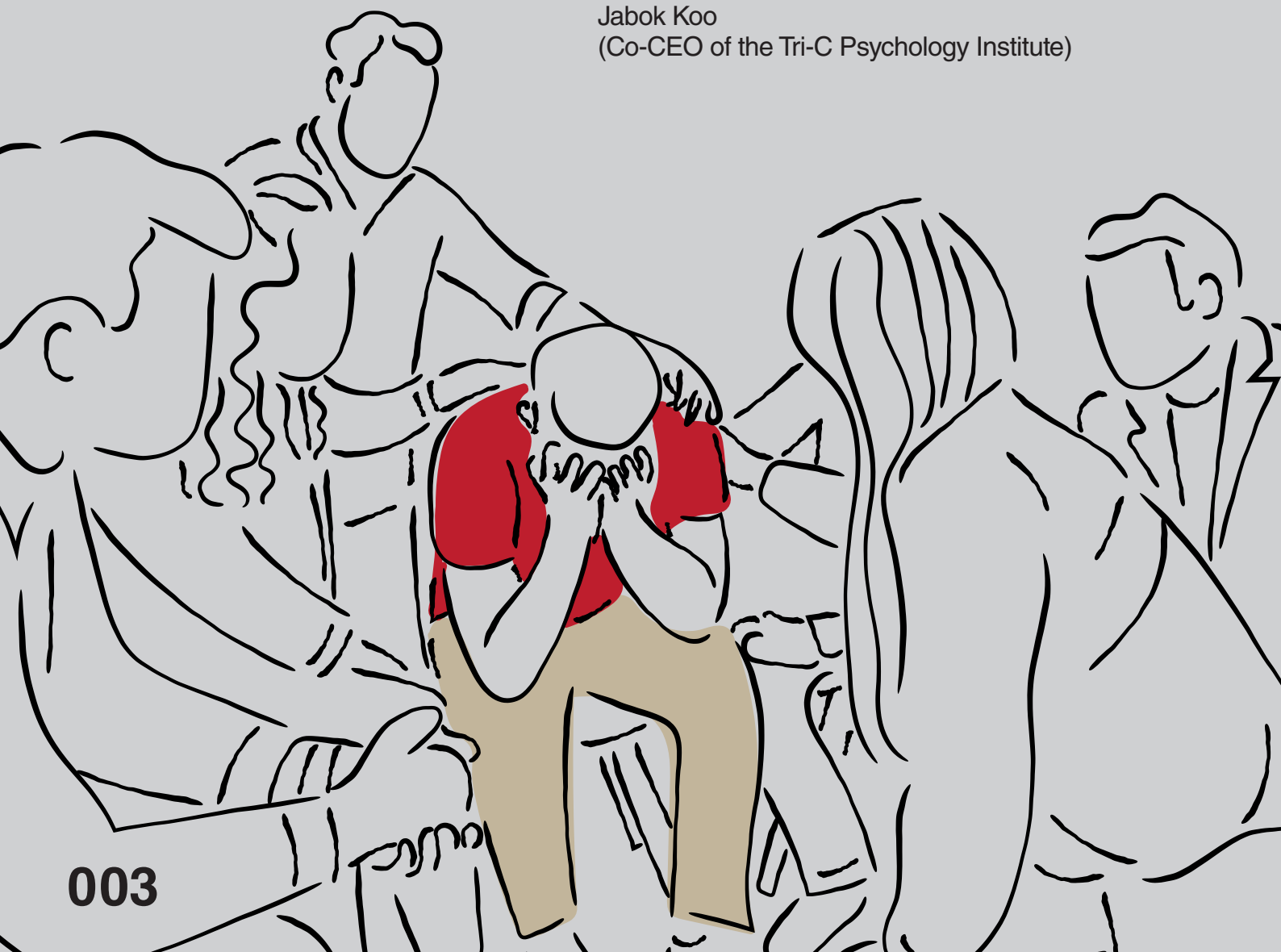
(Co-CEO of the Tri-C Psychology Institute)



Jabok Koo graduated from Sungkyunkwan University and earned his doctorate in psychology at Chung-Ang University. Koo worked in the human resources training team and marketing team at Hanwha General Insurance, then he moved to serve as the head of HR and management support at Mirae Asset Securities. Based on his experiences working in a company setting as well as his psychology knowledge, Koo conducts research on how leaders change and grow. He has published a book titled <Rediscovering Life at Fifty>.

What kind of organization learns from its failures?

Jabok Koo
(Co-CEO of the Tri-C Psychology Institute)



“The higher-ups are always saying, ‘Innovate, challenge yourselves, be creative!’, but when you actually try something new, they change their tune: ‘I need to see some precedent.’ ‘It’s not going to work since it has never been done before.’ It seems like our company doesn’t want to take on any risks or challenges to do better for ourselves. If something goes wrong, then it’s us who’s going to get hurt. The culture of our company is more like ‘let well enough alone.’”

-Quote from a dissatisfied manager at a major firm.

Companies that pick smart people and turn them into incompetent employees

If you are the type of employee who is proactive and driven, then you’ve probably experienced the feeling of being held back when you wanted to try something new or challenge yourself. A company with an immutable culture centered around the idea of ‘leaving well enough alone’ may have some degree of immunity to major failures, but at the same time, such a company could never achieve any creative successes. The same goes for the company’s employees. If people constantly have their opinions shut down at work, then they will become lethargic employees who keep their mouths shut and just follow orders. They end up becoming bystanders whose first choice upon running into a problem is to pretend they didn’t see it. With each passing day working like this, such employees will never again get the opportunity to try something new, produce meaningful results, and learn in the process. We are left with a situation where no one can find satisfaction in their work or organization, resulting in employees becoming less competent over time.

In most situations, people tend to prefer safe choices – those that are fail-proof or reliable enough to at least maintain the status quo – rather than risky and challenging pathways. This is because individuals partaking in a difficult and challenging project may end up with nothing in their hands if the project fails to produce results, while safer choices guarantee some level of benefit. World-renowned executive consultant Marshall Goldsmith once said, “Every choice, big or small, is a decision of ‘risk vs. reward,’ and the most natural way of thinking is to ask, ‘what will benefit me the most?’” According to this line of thinking, the safer choice is the path that will lead to greater rewards than the challenging option. From a psychologist’s point of view, such choices are almost instinctual. When our survival instinct kicks into overdrive, our minds become closed to the moral norms we have learned and the voice of reason that usually guides us.

A different perspective on challenges and failure

Let’s examine a company that views challenges and failure in a different light: Google X. As you can tell from its name, Google X is a subsidiary of Alphabet (Google’s parent company)



that focuses on innovation. Their goal is to develop so-called 'Moonshot' technologies by exploring bold new ideas that can make the world a better place.

For example, Google X once worked on something called 'Project Foghorn' several years ago. The aim of this project was to develop a technology that could convert seawater into fuel at less than \$5 per gallon. This was a moonshot technology that had the potential to redefine the concept of green energy and completely overhaul the oil industry. Since it was centered around recycling carbon dioxide in the air to produce fuel, the technology was completely carbon neutral. However, after two whole years of hard work and research, Kathy Cooper, the lead engineer of the project, announced that the project had been halted, stating, "I think we could probably get it done, but it would take 15~20 years."

So, what happened to the Project Foghorn team? Did they get fired or demoted? Far from it. In fact, every member of the team received bonuses (the exact amount has not been disclosed). Some may argue that a 'failure bonus' is a bad incentive, but Google X CEO Astro Teller believes otherwise: "The only way you can get people to participate in a major project with many risks is by establishing an environment where people know that it is okay to fail. The worst thing you can do is to fall into the trap of throwing manpower and money at a project with no hope of further progress. It is better to reward employees who can say, 'We tried our best, but it didn't work out.' That is a smart way to run a company." Teller also said, "True failure is when you keep beating the dead horse even after trying something and realizing that it is useless. In other words, that is how you 'fail at failing.' The goal isn't to encourage failure, it is to help people learn from them."

Amy Edmondson, Professor of Leadership at Harvard Business School and author of 'The Fearless Organization,' describes such circumstances as psychological safety. She defines the concept as follows: "Psychological safety refers to an atmosphere where people are willing to talk about their mistakes and concerns, free from the fear of facing embarrassing situations or punishment. If a leader fails to establish psychological safety, the members of that organization will walk away from challenges since they instinctively want to avoid failure."

This is not to say that Google X goes about taking on challenges and failures without any standards. All ideas need to meet three clear criteria: the idea must solve a big problem, the idea must propose a fundamental solution, and the idea must use technologies that are relatively feasible. In other words, any idea, regardless of how small, trivial, or impossible, can be a moonshot idea. Moreover, moonshot ideas do not start with simple brainstorming – such ideas are born out of the painstaking efforts of experts from various fields as they seek out the right questions that we should be asking.

The three types of failure and the meaning of failure depending on the type of work

If you don't want to 'fail at failing,' you need to understand the different types of failure. In her book, Professor Edmondson introduces three types of failure: 'preventable failures,' 'complexity-related failures,' and 'intelligent failures.'

Preventable failures refer to instances with negative consequences that occur when people do not follow prescribed procedures. An example scenario is when workers choose not to wear safety equipment according to the rules or fail to follow standard work procedures. For those who do repetitive tasks, it is especially important to identify preventable failures. Complexity-related failures refer to situations where all sorts of factors come together to culminate in an unprecedented failure. While not always the case, complexity-related failures can be avoided through careful preparation. Since neither of these two types of failures are desirable, they cannot be considered as 'good failures.' On the other hand, 'intelligent failures' are 'the result of taking on new challenges.' In fields centered around innovation and research, it is vital to have an environment where people feel safe and secure even when they fail. This is because failure is inevitable when taking on challenges and trying new things – it is the only way to achieve creative successes. The important thing about intelligent failures is that there are both good and bad failures, so instead of asking 'what kind of failure is this?', the better question to ask is 'what can I learn from this failure?'

How do people learn from 'failure?'

Do people learn more from their successes or their failures? How do they learn from the successes and failures of others? A 2013 research study by Dr. Richard Farson on the success rates of heart surgeries performed by surgeons at Massachusetts General Hospital presents new insights into how humans learn. The researchers examined 6,516 surgeries performed by 71 surgeons to determine the success rates of doctors over time after learning newly developed heart surgery techniques.

In general, people believe that they learn the most from their own failures and other people's successes. This is why people these days are obsessed with benchmarking. But in reality, this is not the case at all. Doctors who failed once were more likely to fail again in their next surgery (i.e., failure is the mother of failure). The reason for this could be that the doctors tried to pin the root cause of their failure to their surroundings rather than blame their own abilities. Also, failure experiences tend to cause people to become defensive, which makes them less motivated to try again. Another interesting finding was that the successes of other doctors did not stimulate doctors to succeed as much as one would expect. This is because people tend to attribute other people's successes to luck or favorable circumstances rather than that individual's abilities, or they disregard others' achievements as learning opportunities merely due to envy.

On the other hand, doctors who succeeded in performing a new surgery were more likely to succeed in their next surgery (i.e., success is the mother of success). Additionally, doctors who witnessed the failures of other doctors were also more likely to perform a successful operation. In other words, the experience of success led to further success, and those who achieved success were willing to learn from other people's failures spurred by their motivation to do better.

Dr. Farson, who led this research, came to the conclusion that we do not learn from our own failures; rather, we learn from our own successes and others' failures. Therefore, those looking to do some benchmarking should focus on studying failure examples rather than success cases. The key takeaway is that people need to become their own success stories rather than cling onto other people's successes.

The roles of a leader in a turbulent society

“The higher-ups think they are always right. It is almost impossible to convince them otherwise, so the wise thing to do is to just say, ‘Yes, I understand,’ and tell them they are right. You cannot become friends with someone who has the authority to evaluate you. That is the nature of relationships in any organization.”

That was something said by a manager at a major firm. The reason this is the reality is because leaders believe that they know what’s best and that they are always right. Of course, it is natural to think that leaders have diverse experiences and knowledge under their belt and that they should be the ones who know what is best for the organization. However, if this goes too far, then leaders will begin to distrust the people working for them. Many leaders also develop a distaste for employees who disagree with them or present diverse viewpoints, believing it leads to a disorganized team. Consequently, leaders often prefer an organizational culture resembling the military, where everyone falls in line without questioning orders.

The problem is that, if a leader reigns from above as if they know all the answers, then no one can comfortably suggest creative challenges or new ideas. It is paradoxical in a sense, but leaders need to establish a culture that emphasizes ‘psychological stability’ if they hope to foster a creative and dynamic organization. For that to happen, leaders need to acknowledge that an organization of ‘sensible employees’ who obey their leader without any objections cannot beat the competition, especially in industries and markets that are growing increasingly uncertain and volatile. Organizations need to be creative and innovative if they hope to survive in such fields. Furthermore, the higher a leader ascends up the organizational ladder, the greater the need for humility to consider not only their own opinions but also those of others – it is essential for leaders to remember that they might not always be right. As Stephen Covey, famous author of <The 7 Habits of Highly Effective People>, once said, “strength lies in differences, not in similarities.”

In addition, leaders need to constantly make sure their organization’s systems and policies are helping to build an environment where people can be protected and safe when taking on challenges or even after failing. Consistency is vital, as that will allow a new organizational culture to take root. Unlike a company’s motto or ideology, an organization’s culture is shaped by the collective experiences of its members during their time in the group as well as the beliefs they ultimately adopt. In other words, the members learn the culture of an organization by seeing who gets promoted, who gets paid more, and who is given roles of responsibility. Once they accept the culture, they start believing in it and work accordingly. This is because the essence of an organizational culture stems from the unspoken beliefs (subconscious beliefs, perceptions, thoughts, and emotions) residing in the minds of its members. These beliefs are shared with others as people work and interact with each other within their organization, and they are the most important factor that can determine whether a company succeeds or fails.

References

- Amy C. Edmondson (2019). The Fearless Organization. (Translated by Yoonyoung Choi). Seoul: Dasan Books. (Original publication year: 2018)
- Goldsmith, M. (2016), Triggers. (Translated by Joonsoo Kim). Seoul: Dasan Books. (Original publication year: 2016)
- Farson, R., Keyes, R. (2002). Harvard Business Review. 2002(08)
- Thompson D. (2017), "Google X and the Science of Radical Creativity-How the secretive Silicon Valley lab is trying to resurrect the lost art of invention", <https://www.theatlantic.com/magazine/archive/2017/11/x-google-moonshot-factory/540648/>
- Dougherty C. (2016), "They Promised Us Jet Packs. They Promised the Bosses Profit.", <https://www.nytimes.com/2016/07/24/technology/they-promised-us-jet-packs-they-promised-the-bosses-profit.html>
- Wakefield J. (2016), "Google boss on why it is OK to fail", BBC News, 2016.2.16. <https://www.bbc.com/news/technology-35589220>

