

RESEARCH ARTICLE

# Boundary conditions of the mutual forbearance hypothesis: Impact of technology evolution on multimarket competition

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Abstract

Our study explores the intricate relationships between technology evolution and innovation, informing the mutual forbearance hypothesis. We propose that in high technology industries, the hypothesis is governed by the stage of technology evolution and is not deterministic. We show how mutual forbearance increases progressively as technology evolves from the emergence phase to the maturity phase. Then, based on a convenient sample of firms from the disk drive industry between 1991 and 1995, an era of ferment prior to the establishment of the dominant design, we examine our hypothesis and find support for mutual forbearance in the mature phase of the technology lifecycle.

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