HOW JOINT COMPONENT USAGE AMONG COMPETITORS AFFECTS ORGANIZATIONAL LEARNING

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Even when organizations compete fiercely against one another in the race to build the best-performing product, they might rely on the same central components (i.e., they might engage in *joint component usage*). We examine how joint component usage among competing organizations affects organizational learning. Specifically, we examine whether it accelerates or slows organizations' ability to learn from experience and thus their progress in improving product performance. We study the effect of joint component usage in the context of the Formula One (F1) racing series where the constructors of race cars sometimes use the same engine as their competitors. We find that joint component usage among competing organizations tends to inhibit organizational learning when compared with exclusive component usage. We also find that the effect of joint component usage depends on the environment, and that it differs across groups of organizations engaging in joint component usage as well as across organizations within a group jointly using the same component. Our study suggests that joint component usage among competing organizations fosters the accumulation of experience in producing and using a component, but constrains the flow of knowledge by aggravating cooperation and coordination. Our study sheds light on the mechanisms underlying the effect of joint component usage among competing organizations. We discuss implications for research on organizational learning.

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