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The persistence and implications of Japanese keiretsu organization

| Article | Published: 22 May 2003

| Volume 34, pages 374–388, (2003) [Cite this article](#)



[Journal of International Business
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liquidity in the security markets may fragment bank stock holdings ([Roe et al., 1993](#); [Gibson, 1998](#)).

4. See also [Weinstein and Yafeh \(1998\)](#) and [Campbell and Hamao \(1994\)](#).
5. There is some degree of overlap between horizontal keiretsu and certain vertical (buyer-supplier) networks. We eliminated a small number of firms belonging to independent vertical groupings (those having no established ties with the six horizontal groupings).
6. Although this period includes the 1987 market decline, [Johnston and McAlevey \(1998\)](#) and [Sheard \(1991\)](#) note that the market crash was more limited and had a short-lived impact on the Japanese market. Indeed, the period 1988–

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12. For reasons of parsimony we report in [Tables 1](#) and [2](#) only the results obtained from full model estimation (regression 3). Intermediate results (regressions 2 and 3) are available from the authors.
13. Regulatory change continued to progress throughout the 1990s and beyond. Our time frame, however, captures only two distinct strategic periods, which most likely serves to attenuate the impact of these changes.

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The authors gratefully acknowledge the financial support of the Social Sciences and Humanities Research Council of Canada. Zied Guedri provided invaluable assistance in this research.

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McGuire, J., Dow, S. The persistence and implications of Japanese keiretsu organization. *J Int Bus Stud* **34**, 374–388 (2003). <https://doi.org/10.1057/palgrave.jibs.8400038>

Received

14 August 2000

Published

22 May 2003

DOI

<https://doi.org/10.1057/palgrave.jibs.8400038>

Revised

19 February 2003

Issue Date

01 July 2003

Accepted

23 February 2003

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