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The persistence and implications of Japanese keiretsu organization

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change may potentially impact networking and performance implications in the 21st century.

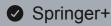


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liquidity in the security markets may fragment bank stock holdings (Roe et al., 1993; Gibson, 1998).

- 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, <u>Johnston and McAlevey</u>
 (1998) and <u>Sheard (1991)</u> 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 <u>Tables 1</u> and <u>2</u> 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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