Advertisement

WILEY Feature your work

Journal of Economics & Management Strategy / Volume 11, Issue 2 / p. 169-224

The Fable of the Keiretsu

Yoshiro Miwa, J. Mark Ramseyer

First published: 28 January 2004
https://doi.org/10.1111/j.1430-9134.2002.00169.x
Citations: 47

Abstract

Central to so many accounts of post-war Japan, the keiretsu corporate groups lacked economic substance from the start. Conceived by Marxists committed to locating "domination" by "monopoly capital," they found an early audience among western scholars searching for evidence of culture-specific group behavior in Japan. By the 1990s, they had moved into mainstream economic studies, and keiretsu dummies appeared in virtually all econometric regressions of Japanese industrial or financial structure. Yet the keiretsu began as a figment of the academic imagination, and they remain that today. Regardless of the keiretsu definition used, cross-shareholdings within the "groups" were trivial, even during the years when keiretsu ties were supposedly strongest. Neither does membership proxy for "main bank" ties. Econometric studies basing "keiretsu dummies" on the available rosters produce predictably haphazard and unstable results. In the end, the only reliably robust results are the artifacts of the sample biases created by the definitions themselves.

References

Alchian, A.A. and H. Demsetz, 1972, "Production, Information Costs, and Economic Organization," *American Economic Review*, **62**, 777–795.

Web of Science® | Google Scholar

Anderson, C.W. and A.K. Makhija, 1999, "Deregulation, Disintermediation, and Agency Costs of Debt: Evidence from Japan," *Journal of Financial Economics*, **51**, 309–339.

Web of Science® | Google Scholar

Beason, D., 1998, *Keiretsu* Affiliation and Share Price Volatility in Japan," *Pacific-Basin Finance Journal*, **6**, 27–43.

Google Scholar

Bergloef, E. and E. Perotti, 1994, "The Governance Structure of the Japanese Financial Keiretsu," *Journal of Financial Economics*, **36**, 259–284.

Web of Science® | Google Scholar

Branstetter, L., 2000, "Vertical Keiretsu and Knowledge Spillovers in Japanese Manufacturing: An Empirical Assessment," *Journal of Japanese and International Economies*, **14**, 73–104.

Web of Science® | Google Scholar

Calder, K.E., 1993, *Strategic Capitalism: Private Business and Public Purpose in Japanese Industrial Finance*, Princeton: Princeton University Press.

Google Scholar

Caves, R. and M. Uekusa, 1976, *Industrial Organization in Japan*, Washington: The Brookings Institution.

Google Scholar

Chirinko, R.S., 1997, "Finance Constraints, Liquidity, and Investment Spending: Theoretical Restrictions and International Evidence," *Journal of the Japanese and International Economies*, **11**, 185–207.

Web of Science® | Google Scholar

Conroy, R.M., K.M. Eades, and R.S. Harris, 2000, "A Test of the Relative Pricing Effects of Dividends and Earnings: Evidence from Simultaneous Announcements in Japan," *Journal of Finance*, **55**, 1199–1227.

Web of Science® | Google Scholar

Demsetz, H. and K. Lehn, 1985, "The Structure of Corporate Ownership," *Journal of Political Economy*, **93**, 1155–1177.

Web of Science® | Google Scholar

Detragiache, E., P. Garella, and L. Guiso, 2000, "Multiple versus Single Banking Relationships: Theory and Evidence," *Journal of Finance*, **55**, 1133–1161.

Web of Science® | Google Scholar

Dewenter, K., W. Novaes, and R. Pettway, 2001, "Visibility versus Complexity in Business Groups: Evidence from Japanese Keiretsu," *Journal of Business*, **74**, 79–100.

Web of Science® | Google Scholar

Dodwell Marketing Consultants, various years, *Industrial Groupings in Japan*, Tokyo: Dodwell Marketing Consultants.

Google Scholar

Dore, R., 1987, *Taking Japan Seriously: A Confucian Perspective on Leading Economic Issues*, London: Athlone Press.

Google Scholar

Evenett, S.J. and V.Y. Suslow, 2000, "Preconditions for Private Restraints on Market Access and International Cartels," *Journal of International Economic Law*, **2000**, 593–631.

Web of Science® Google Scholar

Faccio, M., L.H.P. Lang, and L. Young, 2001, "Dividends and Expropriation," *American Economic Review*, **91**, 54–78.

Web of Science® Google Scholar

Fazzari, S.R., R.G. Hubbard, and B. Petersen, 1988, "Financing Constraints and Corporate Investment," *Brookings Papers on Economic Activity*, (1): 141–195.

Web of Science® Google Scholar

Fazzari, S.R., R.G. Hubbard, and B. Petersen, 2000, "Investment—Cash Flow Sensitivities Are Useful: A Comment on Kaplan and Zingales," *Quarterly Journal of Economics*, **115**, 695–705.

Google Scholar

Flath, D., 1996, "The Keiretsu Puzzle," *Journal of the Japanese and International Economies*, **10**, 101–121.

Web of Science® Google Scholar

Fukuda, A. and S. Hirota, 1996, "Main Bank Relationships and Capital Structure in Japan," *Journal of the Japanese and International Economies*, **10**, 250–261.

Web of Science® Google Scholar

Gilson, R. and M. Roe, 1993, "Understanding the Japanese Financial Keiretsu: Overlaps between Corporate Governance and Industrial Organization," *Yale Law Journal*, **102**, 871–920 (1993).

Web of Science® Google Scholar

Hall, B.J. and D.E. Weinstein, 2000, " Main Banks, Creditor Concentration, and the Resolution of Financial Distress in Japan," in Masahiko Aoki and Gary R. Saxonhouse, eds., *Finance, Governance, and*

Competitiveness in Japan, Oxford: Oxford University Press, 64–80.

Google Scholar

Hanazaki, M. and A. Horiuchi, 2000, "Is Japan's Financial System Efficient *Oxford Review of Economic Policy*, **16** (2), 61–73.

Web of Science® Google Scholar

Hayashi, F., 2000, " The Main Bank System and Corporate Investment: An Empirical Reassessment," in Masahiko Aoki and Gary R. Saxonhouse, eds., *Finance, Governance, and Competitiveness in Japan*, Oxford: Oxford University Press, 81–97.

Google Scholar

Horiuchi, A., F. Packer, and S. Fukuda, 1988, "What Role Has the Main Bank Played in Japan *Journal of the Japanese and International Economies*, **2**, 159–180.

Google Scholar

Hoshi, T., 2000, " The Main Bank System and Corporate Investment: Further Robustness Tests," in M. Aoki and G.R. Saxonhouse, eds., *Finance, Governance, and Competitiveness in Japan*, Oxford: Oxford University Press, 99–104.

Google Scholar

Hoshi, T., A. Kashyap, and D. Scharfstein, 1990, "The Role of Banks in Reducing the Costs of Financial Distress in Japan," *Journal of Financial Economics*, **27**, 67–88.

Web of Science® Google Scholar

Hoshi, T., A. Kashyap and D. Scharfstein, 1991, "Corporate Structure, Liquidity, and Investment: Evidence from Japanese Industrial Groups," *Quarterly Journal of Economics*, **106**, 33–60.

Web of Science® Google Scholar

Kang, J. and A. Shivdasani, 1995, "Firm Performance, Corporate Governance, and Top Executive Turnover in Japan," *Journal of Financial Economics*, **38**, 29–58.

Web of Science® Google Scholar

Kang, J. and A. Shivdasani, 1996, "Does the Japanese Governance System Enhance Shareholder Wealth?: Evidence from the Stock-Price Effects of Top Management Turnover," *Review of Financial Studies*, **9**, 1061–1095.

Web of Science® Google Scholar

Kang, J. and A. Shivdasani, 1997, "Corporate Restructuring during Performance Declines in Japan," *Journal of Financial Economics*, **46**, 29–65.

Web of Science® | Google Scholar

Kang, J. and R.M. Stultz, 2000, "Do Banking Shocks Affect Borrowing Firm Performance? An Analysis of the Japanese Experience," *Journal of Business*, **73**, 1–23.

Web of Science® | Google Scholar

Kang, J., A. Shivdasani and T. Yamada, 2000, "The Effect of Bank Relations on Investment Decisions: An Investigation of Japanese Takeover Bids," *Journal of Finance*, **55**, 2197–2218.

Web of Science® | Google Scholar

Kaplan, S.N., and B.A. Minton, 1994, "Appointments of Outsiders to Japanese Boards: Determinants and Implications for Managers," *Journal of Financial Economics*, **35**, 225–258.

Web of Science® | Google Scholar

Kaplan, S.N. and L. Zingales, 1997, "Do Financing Constraints Explain Why Investment Is Correlated with Cash Flow *Quarterly Journal of Economics*, **112**, 169–215.

Web of Science® | Google Scholar

Kaplan, S.N. and L. Zingales, 2000, "Investment—Cash Flow Sensitivities Are Not Valid Measures of Financing Constraints," *Quarterly Journal of Economics*, **115**, 707–712.

Web of Science® | Google Scholar

Keizai chosa kai, ed., various years, *Keiretsu no kenkyu [Research on the Keiretsu]*, Tokyo: Keizai chosa kai.

Google Scholar

Keizai kikaku cho, ed., 1974. *Sekai keizai hakusho [World Economy White Paper]*, Tokyo: Okura sho.

Google Scholar

Khanna, T. and Y. Yafeh, 2000, " Business Groups and Risk Sharing around the World," Unpublished manuscript.

Google Scholar

Kosei torihiki iinkai, ed., 1994, *Saishin: Nihon no rokudai kigyo shudan no jittai [New: The Reality of Japan's Six Large Enterprise Groups]*, Tokyo: Toyo keizai shimpo sha.

Google Scholar

Lawrence, R.Z., 1991, "Efficient or Exclusionist? The Import Behavior of Japanese Corporate Groups," *Brookings Paper on Economic Activity* (1): 311–341.

Web of Science® | Google Scholar

Lawrence, R.Z., 1993, "Japan's Different Trade Regime: An Analysis with Particular Reference to Keiretsu," *Journal of Economic Perspectives*, **7** (3), 3–19.

Web of Science® | Google Scholar

Lincoln, J.R., M.L. Gerlach, and C.L. Ahmadjian, 1996, "*Keiretsu* Networks and Corporate Performance in Japan," *American Sociological Review*, **61**, 67–88.

Web of Science® | Google Scholar

Lincoln, J.R., M.L. Gerlach, and C.L. Ahmadjian, 1998, "Evolving Patterns of Keiretsu Organization and Action in Japan," *Research in Organizational Behavior*, **20**, 303–345.

Web of Science® | Google Scholar

Lincoln, J.R., M.L. Gerlach and P. Takahashi, 1992, "Keiretsu Networks in the Japanese Economy: a Dyad Analysis of Intercorporate Ties," *American Sociological Review*, **57**, 561–585.

Web of Science® | Google Scholar

Miwa, Y., 1996, *Firms and Industrial Organization in Japan*, Houndmills: Macmillan.

Google Scholar

Miwa, Y. and J.M. Ramseyer, 2000, "Rethinking Relationship-Specific Investments: Subcontracting in the Japanese Automobile Industry," *Michigan Law Review*, **98**, 2636–2667.

Web of Science® | Google Scholar

Miwa, Y. and J.M. Ramseyer, 2001a, " Does Ownership Matter: Evidence from the Zaibatsu Dissolution Program," Discussion Paper CIRJE-F-105, University of Tokyo Faculty of Economics.

Google Scholar

Miwa, Y. and J.M. Ramseyer, 2001b, "'Keiretsu no kenkyu' no keiretsu no kenkyu [Research on the Keiretsu in 'Research on the Keiretsu']," *Keizaigaku ronshu [Economic Studies]*, **67** (2), 36–89, and **67** (3), 68–97.

Google Scholar

Miwa, Y. and J.M. Ramseyer, 2001c, " Directed Credit? Capital Market Competition in High-Growth Japan," Discussion Paper No. 334, Harvard Law School John M. Olin Center for Law, Economics, and Business.

Google Scholar

Miwa, Y. and J.M. Ramseyer, 2002, "Banks and Economic Growth: Implications from Japanese History," *Journal of Law and Economics*, forthcoming.

Web of Science® Google Scholar

Morck, R. and M. Nakamura, 1999, "Banks and Corporate Control in Japan," *Journal of Finance*, **54**, 319–339.

Web of Science® Google Scholar

Morck, R., M. Nakamura and A. Shivdasani, 2000, "Banks, Ownership Structure, and Firm Value in Japan," *Journal of Business*, **73**, 539–567.

Web of Science® Google Scholar

Nakatani, I., 1984, " The Economic Role of Financial Corporate Grouping," in M. Aoki, ed., *The Economic Analysis of the Japanese Firm*, Elsevier Science, 227–258.

Google Scholar

Ongena, S., 2000, "What Determines the Number of Bank Relationships? Cross Country Evidence," *Journal of Financial Intermediation*, **9**, 26–56.

Web of Science® Google Scholar

Pascale, R.T. and T. Rohlen, 1983, "The Mazda Turnaround," *Journal of Japanese Studies*, **9**, 219–263.

Web of Science® Google Scholar

Perotti, E., 1992, "Cross-Ownership as a Hostage Exchange to Support Collaboration," *Managerial and Decision Economics*, **13**, 45–54.

Google Scholar

Prowse, S.D., 1990, "Institutional Investment Patterns and Corporate Financial Behavior in the United States and Japan," *Journal of Financial Economics*, **27**, 43–66.

Web of Science® Google Scholar

Saxonhouse, G.R., 1991, "Comments and Discussion," *Brookings Papers on Economic Activity*, (1), 331–336.

Google Scholar

Saxonhouse, G.R., 1993, “What Does Japanese Trade Structure Tell Us about Japanese Trade Policy,” *Journal of Economic Perspectives*, **7** (Summer), 21–43.

Web of Science® | Google Scholar

Sheard, P., 1989, “The Main Bank System and Corporate Monitoring and Control in Japan,” *Journal of Economic Behavior and Organization*, **11**, 399–422.

Google Scholar

Shukan toyo keizai, ed., various years, *Kigyo keiretsu soran [Overview of Firm Keiretsus]*, Tokyo: Toyo keizai shimpo sha.

Google Scholar

Toyo keizai shimpo sha, ed., 1983, *Keizai hendo shuyo soran [Overview of Principal Economic Indicators]*, Tokyo: Toyo keizai shimpo sha.

Google Scholar

Tsusho sangyo sho, ed., 1975, *Sekai no kigyo no keiei bunseki [Management Analysis of International Firms]*, Tokyo: Okurasho insatsu kyoku.

Google Scholar

Uekusa, M., 1974a, “Fusai rishi ritsu kettei no shoyoin [Factors in the Determination of Interest Rates on Debt],” *Keizai hyoron*, August, 66–78.

Google Scholar

Uekusa, M., 1974b, “Kigyo rijun ritsu no kettei yoin [Factors in the Determination of Firm Profitability,” *Mita gakkai zasshi*, **67** (10), 984–1001.

Google Scholar

Weinstein, D.E. and Y. Yafeh, 1995, “Japan's Corporate Groups: Collusive or Competitive? An Empirical Investigation of *Keiretsu* Behavior,” *Journal of Industrial Economics*, **43**, 359–376.

Web of Science® | Google Scholar

Weinstein, D.E. and Y. Yafeh, 1998, “On the Costs of a Bank-Centered Financial System: Evidence from the Changing Main Bank Relations in Japan,” *Journal of Finance*, **53**, 635–672.

Web of Science® | Google Scholar

Citing Literature

Download PDF

ABOUT WILEY ONLINE LIBRARY

Privacy Policy
Terms of Use
About Cookies
Manage Cookies
Accessibility
Wiley Research DE&I Statement and Publishing Policies
Developing World Access

HELP & SUPPORT

Contact Us
Training and Support
DMCA & Reporting Piracy

OPPORTUNITIES

Subscription Agents
Advertisers & Corporate Partners

CONNECT WITH WILEY

The Wiley Network
Wiley Press Room

Copyright © 1999-2025 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

WILEY