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JMAR SPECIAL ISSUE**Assessing JIT Performance: An Econometric Approach**

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ABSTRACT: This paper uses a sample of 131 just-in-time (JIT) firms and their matched non-JIT firms obtained from Kinney and Wempe with 1977–1995 Compustat data to assess whether the relationship between JIT adoption and firm performance is endogenous. Results indicate a significant positive association between JIT adoption and firm performance and strongly indicate that the decision to adopt JIT is endogenous. We also show that asset productivity, sales growth, and leverage, are important in explaining the effect of JIT adoption on performance and that firm characteristics are an important contributor to unobserved heterogeneity. Furthermore, the econometric analyses in the form of both Wooldridge 2SLS and Heckman approaches suggest that the underlying relationship between JIT adoption and performance is much stronger after controlling for endogeneity and self-selection bias and that OLS estimates are indeed biased.