Discussion

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The country chosen for the sake of business expansion is Japan having one of the major financial centers of the world, Tokyo. However, opening the new branch overseas is associated with different risks and challenges that are mainly associated with the differences in the cultural, social and educational characteristics, the impact of the legal and political system and government involvement in trade and private sector. Japan implemented a strict isolationist policy during the Edo era. However, the country revised its practice and the modern Japanese culture is highly influenced by western culture in lifestyle, food, and art. The family structure has also gone to some modern arrangements. Japanese culture represents a blend of modern western culture and old world culture.

The political and legal system of Japan represents a complex picture. Japan is a state with strong legal and democratic institutions but at the same time, the Japanese culture shows some non-democratic system characteristics. The legal system follows the 19th century European Legal System, currently, the legal system is the combination of the continental system and American law. There are certain regulations for foreign businesses, for instance, the company needs to have one Japanese director and many requirements are applied if it is a larger company having capitalization value above JPY 500 million. Japan has a very common theme of Bureaucracy and therefore creating and setting up a company can be a great headache. The Japanese political system is currently divided into three branches, Judicial, Legislative, and the Executive. The politicians, big businesses and bureaucrats make up the iron trainable (“Japanese political system,” n.d.).

Government has control over the business operations in Japan as compared to other market economies through its authorities having indirect involvement in banking. In the banking sector, the central bank of Japan holds a strong position and highly influences the banking operations of other banks. The international banks operating or willing to operate in Japan need to follow the rules and regulations set by the Bank Act of 1981 that regulates all the banking operations in Japan. The economy of Japan is considered as one of the highly developed economies of the world which makes it attractive for international business. By looking at the nominal GDP, it is the third largest country in the world and the fourth largest with respect to its purchasing power parity. The economy of Japan is considered one of the most innovative economies. The largest industries include agriculture, fishing, and others. Banking is also one of the major industries of the country. The foreign reserves of the country are estimated to be $1.264 trillion.

Japan highly involves in international trade. Major imports of the country include petroleum, liquefied natural gas and it is the third largest importer of agricultural goods. The country’s exports comprise auto parts, vehicles, machinery, and semiconductors, etc. China and the United States are the largest export partners in the country. While the import partners consist of China, the United States, and Australia. Direct state participation in economic activities is limited. Several other government agencies and departments concern themselves with economic growth and overall trade activities such as imports, exports, and investments. The Economic Planning Agency is the most important of all. The economic growth of the country, as expected, is beneficial for the health of financial institutions. Increase in international trade will boost economic activities and the operations of financial institutes. The long term economic planning of government and the governmental agencies play a key role in creating business opportunities and can make the Japanese market more feasible for the foreign financial institution.
References

Japanese political system. (n.d.). Retrieved June 12, 2019, from http://www.rogerdarlington.me.uk/Japanesepoliticalsystem.html