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According to the professor Michael Beer from Harvard University(1998), enter into a foreign market, the company should understand and adapt to its social environment, or the company can not survive in that country. As a result of that, in order to know Japanese customers’ preferences such as their needs and wants, learning Japanese social characteristics are necessary. Lifestyles in Japan and Australia are different, Japanese people have rigorous attitude toward life while Australian people are living more free. Inazo Nitobe(1905) states that Bushido is the soul of Japan, Bushido spirit is a guide for Japanese people, which can be a important reason that Japanese products are good quality and their services are perfect.

The status of women in Japan is complex, though, nowadays more professional women are admitted by the society, women still have unfair treatments, some company have separate programs for women. In addition, the main nation in Japan is Yamato which accounts for 99% of its population. Taro Aso, the Japanese prime minister describe Japanese nation(2005): ‘ one race, one civilization, one language and one culture’. Japanese has high degree of cohesion and national unity which is a very important reason for Japan’s economic rise.

Moreover, Japan does not have religious limitation based on Article 20 of Japanese Constitution (1946), and only thirty percent of the Japanese consider themselves belonging to a religion. Doing business in Japan will not face much religion limitation. Education is also a factor the company should consider, because higher quality education will lead to a stable society and provide higher quality of employees. Japan has a complete education system since 1947, and there are two universities in Japan which has ranked highly in the world, they are University of Tokyo and Kyoto University. 3. Government action to promote and discourage foreign direct investment3.

1Promote foreign direct investment in Japan3. 1. 1 Japan-Australia Economic Partnership Agreement (JAEPA)The Japan-Australia Economic Partnership Agreement was signed on 8 July 2014 and entered into force the next year. (2014) This agreement cover a wide range of fields, such as raw materials, manufacturing and foods. Under JAEPA, more than 97% Australian exports have opportunities to enter duty-free, which will help Australian company cut their cost.

In addition, this agreement can also promote Japanese investment in Australian, which is a win-win cooperation. After put this agreement into action, Australia became Japan’s largest agricultural provider and also provide Australian services an opportunity to enter into Japanese commercial area. 3. 1. 2 Fundamental reform of Special Zone systemJapanese government has established six National Strategic Special Zones(NSSZs), such asStructural Reform Special Zones which was established in 2003, Comprehensive Special Zones set up in 2011(2015). In these special zone, the regulatory measures are special, the tax treatment is different from outside the zone, especially the corporate income tax and the government provides financial support in these special zones.

Special Zone system will help Japan attract more foreign direct investment and enhance international competitive. 3. 1. 3 Establish organisations to promote foreign direct investmentIn 2015, under the leadership of the Prime Minister, Japan has set up the Council to promote foreign direct investment, this organisation is aiming to reform a ‘ control tower’ to starting investments and provide necessary support to foreign investors.

Another relative organisation is The Japan External Trade Organisation (JETRO), which promote mutual trade and foreign direct investment. JETRO offers foreign investors abundant information, expert consultation and free temporary office space. 3. 1. 4 Five promises for attracting foreign businessIn order to attract foreign investment, Japanese government makes five promises.

They are offering foreign languages at stores, providing foreign investors free public wireless Lan, creating airports receive business jets, providing foreign investors well education environment to their children and the Japanese government and local government will offer foreign investment consultant services. 3. 2 Restrict foreign direct investment in Japan3. 2. 1 Monopolistic industriesThough Japan has a lot of government policies to promote foreign direct investment, some business area are monopolised by the Japanese government.

According to the Japanese foreign investment guide(2015), the monopolistic sectors are including water supplier, postal services, arms, atomic energy, explosives, aerospace and aviation industries. Besides, in telecommunication industry, foreign investors can not hold exceed 30% of the rights to vote. 3. 3 Right to private ownership and establishmentAccording to Japan business law handbook(2014), foreign private companies have the right to set up and own business in Japan and have the right to take party in the remunerative activities.

As a result of that, Australian company can form both joint venture and a wholly-owned subsidiary in Japan. Based on the article 821 from the 2005 company law, Japanese government have the duty to ensure that foreign investment companies operate business in a lawful manner.