

Swot on japan

[Finance](#), [Financial Analysis](#)



Japan SWOT Analysis Strengths: Economy- Economy has a long term positive impact on Japan, which will add to its value. The qualitative factor of economy will lead to a decrease in costs for Japan Japanese Biotechnology- Hard working People- Sophisticated consumers with high purchasing power- They help Japan set trends and utilize latest technology. These customers tend to appreciate fashionable, name brand items that allow luxury goods makers to use their profits and knowledge of the Japanese consumer market to expand globally.

Technology companies sell high tech and high priced goods to Japanese customers, which allows the entire country to utilize the latest technology. technology has a major correlation with productivity, so the more technology a country utilizes, the higher their productivity. Allied with the USA- Japan and the United States of America has a long relationship of cooperation that dates back to the Second World War. This cooperation protects Japan from military threats in the region. Japan is able to invest money meant for the military into other productive means that help support the economy.

Universal Health Care System- The health care system in Japan provides healthcare services, including screening examinations, prenatal care and infectious disease control. The patients are responsible for 30% of these costs while the government pays the remaining 70%. Payment for personal medical services is offered through a universal healthcare insurance system that provides relative equality of access, with a fee set by a government committee. People without insurance through employers can participate in a national health insurance program administered by local governments. Patients are free to select physicians or facilities of their choice and cannot be

denied coverage. Hospitals, by law, must be run as non-profit and be managed by physicians. For-profit corporations are not allowed to own or operate hospitals. Clinics must be owned and operated by physicians. World Class Education System- Japan's education system played a major role in enabling the country to meet the challenges presented by the need to quickly understand Western ideas, science, and technology.

Japan has one of the highest standards of education and one of the highest literacy rates in the world. About 93% of children enter high school and nearly all of them graduate. Japan's Automobile Industry- It is said that Japan's automobile industry is ultimately their greatest strength. It plays a major role in the overall economy of Japan, and whether the current trend is up or down it has a direct correlation to the economy as a whole. Auto-related businesses provide one out of every ten jobs in Japan. A major part of Japan's work force is dependent on the automobile industry. Weakness:

Declining Birth Rate- " The effects of a declining population can be adverse for an economy which has borrowed extensively for repayment by younger generations; however, a smaller human population has a smaller impact on the environment and on biodiversity. Economically declining populations are thought to lead to deflation, which has a number of effects. A declining population due to demographics will also be accompanied by population ageing which can contribute problems for a society. The decade long economic malaise of Japan and Germany is often linked to these demographic problems.

The worst case scenario is a situation where the population falls too low a level to support a current social welfare economic system, which is more

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likely to occur with a rapid decline than with a more gradual one. The economies of Japan and went into recovery around the time their population just began to decline. In other words, both the total and per capita GDP in both countries grew more rapidly after 2005 than before. A declining population can also create a labor shortage, which can have a number of positive as well as negative effects.

While some labor-intensive sectors of the economy may be hurt if the shortage is severe enough, others may adequately compensate by increased outsourcing and/or automation. Initially, the labor participation rates (which are low in many countries) can also be increased to temporarily reduce or delay the shortage. On the positive side, such a shortage increases the demand for labor, which can potentially result in a reduced unemployment rate as well as higher wages. As the birthrate in developed countries drops well below the “ replacement rate” of 2. 1 children born to every woman, to somewhere between 1. and 1. 4 children — the declining population will have severe consequences in the near and distant future. Demographic decline causes anxiety because it is thought to go hand-in-hand with economic decline. With fewer, younger workers to pay the health and pension bills of an elderly population, states face an unprecedented fiscal burden. The dependency ratio of those aged 65 and over to those of working age looks set to double from one-to-four to one-to-two in 2050. " Natural Disasters- Female Managers in Japan- Only 8% of managers are female in Japan, whereas, they are 40% in America and 20% in China.

This difference in female participation means Japan is only getting their ideas from men. The loss of creative ideas is a debilitation consequence of low

female participation. Lost Cost of Capital in Japan-Japan's reliance on low cost of capital is hurting their economy. Japan's government institutions hand out money to try and revitalize ailing companies. These low interest payments result in a low cost of capital for struggling firms, but the negative is bad companies continue to operate like zombies. They aren't expanding or innovating, they are mostly struggling to stay alive.

This system move money from the best ideas (new and fast moving companies) to ones that have been around the longest and are struggling. Reliance on Exports-Japan's reliance on exports could cause many economic problems, because export earnings are very volatile. They are also subject to enormous international competition, which means they could easily lose to competition from China or any low expense locations around the world. Exports also depend on currency valuations, which happen to change very quickly and for unknown reasons.

Opposition toImmigration-Japan passed the Immigration Control Act in 1990, but they still only issue visas to skilled workers. Ultimately, Japan passed the Immigration Control Act in 1990 which opened a side-door to ethnic Japanese living in other countries, allowing them to immigrate to Japan for the unspecified purpose of performing unskilled labor. Japan still does not issue visas to anyone but skilled workers. " Today's attitudes in Japan often remain decidedly negative towards immigrants, legal or otherwise, and new tighter controls are currently being drafted", according to the Japan Times.

Negative treatment of foreigners turns away potential benefit that countries obtain from immigration. New skills, cultures and ideas are plentiful in immigrant populations. Opposition to immigration decreases the chance that

new ideas and skills increase the domestic production of a country. Long life expectancy-Japan is known to have the longest life expectancy anywhere in the world. Impressive statistics have been recorded across Japan, where life expectancy has increased dramatically in the past 80 years. In 1935, life expectancy was about 45. By 1950, it was 60.

Today it is 85 for women and 78 for men. Japanese women live, on average, more than five years longer than those in the United States. Japanese men have more than four years on those in America. The number of centenarians in Japan has doubled in the past five years, and now stands at just over 20, 000. Longer life expectancy and reduced fertility rates have contributed to population aging, with the latter cause dominating. Lower fertility initially reduces the dependency of the young on working-age adults, increasing the latter's consumption possibilities.

Over time, however, dependency of elders on working-age adults increases, as there are fewer adults entering the workforce. Combined with longer life expectancy, total dependency on adults will rise. This will reduce workers' incentive to save, since the existence of fewer workers reduces return on investments. It will also strain public finances, as the need to fund social security will lead to higher payroll taxes. Simply put, an aging population implies that in the future there will be more retirees being supported by fewer workers.

HighSuicideRate-Japan's grim reputation as one of the world's suicide nations has been confirmed by statistics that show more than 30, 000 people a year have taken their own lives since figures first began to rise in 1998. The most common hour of death is 5am for men and noon for women, after their
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families have left for work or school. Japan has roughly half the population of the US, yet the same number of suicides. There's no single factor, but experts point to a combination of economic woes, poor mental-health resources, lack of religious prohibition, and cultural acceptance of the practice.

Japan's high-interest loan system and historically strict bankruptcy laws may have contributed to this effect. But the Japanese suicide rate remains elevated, even though the economy has since recovered. Even before the recession, the rate was already a third higher than that of the United States. Bank Cross Holdings-Banks in many countries purchase share of companies in their home territory to speculate on share prices or to establish a stronger relationship with a client. These relationships are beneficial to the bank when share prices rise, but can hurt a bank when share prices fall.

Banks profit by lending money and an economy relies on bank lending to function. A decrease in bank lending is a restriction on the money flowing through the economy, therefore, the economy decreases, because there is less money. If the economy decreases, then generally, stock prices also decrease. When banks hold shares in other companies when those shares become less valuable, then banks have less money to lend, which further restricts the economy and causes share prices to decrease further. When banks hold shares in other companies during an economic recession, it causes the banks to restrict lending (because of share price decreases) just when the economy needs lending the most. Fiscal Budget Deficit-A budget deficit decreases the ability of a government to increase spending to stimulate the economy. Annual budget deficits increase the national debt, which increases

the cost of borrowing. To pay off a deficit, the government will have to decrease spending or raise taxes; both hurt the economy. Opportunities: Private Equity in Japan-The Private Equity industry has enormous potential in Japan.

According to the Economist, " The country teems with medium-sized firms with world-class technology that need to consolidate and globalize in order to grow. Japanese firms' return on equity is around half that of American and European firms. A generation of bosses who founded their firms after the war are ready to retire but lack successors. Fund managers estimate there are 500-1000 such companies, which is why they stick around. " Many fundamental issues exist in Japan that hurt the Private Equity industries potential to profit, but those issues will slowly fade away.

Growth of the Private Equity industry in Japan will likely accelerate. Pro-Reform Political Parties in Japan-Over two decades of economic stagnation is forcing political party changes. Parties that were in power for half a century are now out, while new parties are forming around the idea of increased growth, political reform and the end of deflation. A political shakeup in Japan could force many new reforms that fix the country's most glaring problems while positioning it for a more robust future.

Freelance Cloud Workers-Freelance cloud workers go online to pitch their skills to millions of potential employers through interfaces that match potential employers with talented freelance workers about the world. Some people call these digital sweat shops, because they match workers all over the world with potential employers who pay only for the services they want at the lowest possible prices. From a pure economic standpoint, these

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outsourcing shops are lowering the cost of services, by outsourcing those services around the world.

These lower cost help skilled employees to match up with employers who obtain better skills at lower prices. The benefits of international trade will now show up in services that are priced according to skill level. The flexibility and these sites and the ability to transcend borders makes freelance cloud working a powerful new engine of global growth. Instant Translation of Web Pages-The ability to translate web pages quickly and accurately may lead to a break down in the language barriers that separate commerce and social interaction between countries.

Rapidly evolving technology is leading the way for computers that "learn" by analyzing documents that have been translated by humans. The possibility of instantly translating a web page, document or blogs may also become reality. Regular Japanese Workers- The Japanese call these "Regular Workers", because they enjoy less benefits than union workers. However, Regular Workers are better for firms because they provide agility that is key in Japan's global fight against competition, especially with China. Emerging markets-Demand from emerging markets is helping growth and margins.

Emerging markets create new opportunities to expand products from the developed world. Paper products, computer services and other industries will all benefit as emerging countries increase demand for industrial and agricultural products. Threats: Fiscal Austerity Programs-Many government around the world will have to cut spending and increase taxes to avoid fiscal deficits that increased during the financial crisis. These programs will

decrease government spending in the economy, which will slow growth rates.

Additionally, citizens will have less money and benefits to use in case of emergencies. The fear is that cuts might be so drastic that they hurt the economy. Young Entrepreneurs Decreasing in Japan-According to Economist Magazine, " Since 2003, the proportion of young Japanese entering the labor force who want to be entrepreneurs has halved, to 14%, while those who seek lifetime employment has nearly doubled, to 57%. " The loss of entrepreneurs slows down a countries rate of growth, because entrepreneurs create the next generate of companies.

Whaling Hurts Japan's Image-Whaling hurts Japan's image aboard because they go against a long-standing moratorium on commercial whaling. They catch whales under the banner of " experiments", but whale end up on dinner plates instead. This standing is causing tension with neighbors who all observe the ban. International tensions may interrupt trade negotiations with other countries that don't like what Japan is doing. It could also cause boycotts of Japanese goods in nations with concerned citizens. The damage to Japan's reputation may hurt it over the long term.

Domestic Savings and Fiscal Debt-Japan's government debt is mostly serviced by the large domestic population of savings. These savers invest their money with the government and receive a very low increase rate in return. This rate is derived from the high demand for Japanese debt, but this trend might will change over time. As Japan's population ages, they will run down their savings and in turn, have less money to purchase Japanese debt.

This decrease in demand will increase the interest rate paid by Japanese government.

As interest rates increase, so will the threat of a fiscal crisis in Japan. Zombie Companies-Japan has a long tradition of supporting smaller companies to the detriment of the health of larger companies. The "Convoy System" allows small market share for small firm, so they don't disappear, while larger firms are given the ability to quickly expand and compete. The interference of capitalism results in less efficiencies across the entire market and results in less profits for larger firms.

5 P's of Marketing Market Positions-
Placement- Promotion- Price- Political-