Global financial crisis on japan country

Business

Japan Global Financial crisis A global financial crisis creates a linked effect where one problem leads to another. For instance, reduced consumer spending can result in increased unemployment. In Japan, global financial crisis slowed down the growth of savings. This was due to the fact that banks opted to give lower interest rate to people who had money in the saving accounts. Many investors suffered massive losses as they earned less from their investment than they did during the better economic times (Batten& Szilagyi, 2011, p. 321). Many investors withdrew their investments from the country, thus retarding the economic growth.

Global financial crisis also reduced the flow of money in the country's economy. During the economic downturn, many Japanese opted to cut down their shopping budgets. This greatly affected the revenues of businesses that already had less ability to access credit. Further more investors became weary of putting their money into companies. This too had a severe impact on businesses. The stock market business collapsed, making many business men lose a large portion of their investment (Needle, 2010, p. 476). Companies found it hard to survive under unconducive environment caused by the economic crisis. The senior managers of the largest Japan realized the need to cut cost for the sake of their company's survival. Labor being one of the business greatest expenses, many people lost their jobs. The largest companies eliminated job opportunities on a large scale leaving many Japanese jobless (Batten& Szilagyi, 2011, p. 375). Other small businesses simply found out that they could not survive the adverse effect of the global economic crisis. These companies opted to close down their activities, leaving too many of their workers jobless.

During the global financial crisis, many companies also reduced their charitable activities across Japan. This act eliminated chances of many Japanese to access resources they desperately needed. Many of them were unable to access clean water and security (Paul, 2010, p. 223).

Following the effect of the global market turmoil, the FSA has initiated several measures aimed at regulating the functioning of financial intermediation. FSA has initiated a new capital injection scheme, to enhance proper flow of capital in the country as it was before the downturn (Paul, 2010, p. 254).

FSA has also introduced new regulatory framework for credit rating agencies. It has considerably strengthened the disclosure requirement for financial firms with respect to their exposure to securitization market (Yip& Forrest, 2011, p. 231). The Japanese government has also established the supervisory college for each of their three Mega banks. This has helped Japan to succeed in shaping the financial business in Japan.

With a concrete policy set up to strengthen the competitiveness of the Japanese market, the government has completed necessary legislation to ensure adoption of better market initiatives and incorporation by all companies operating in the country(Inomata, 2011, p. 412) . This was meant to create a reliable and attractive market place for both local and external investors. The implementation of BMI, also significantly facilitated in enhancing the business environment of financial intermediaries operating in Japan.

Lastly, Japanese government has initiated policies, emphasizing companies to carry close monitoring of market development. All companies were ordered to take serious consideration whenever they link with other external parties. This is aimed at avoiding another shock, like the previous which was caused by the collapse of financial market in other countries (Grant& Wilson, 2012, p. 132).

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