

# Informal cognitive institutions essay sample

[Finance](#), [Investment](#)



1. What are the characteristics of informal cognitive institutions and why are they of special significance to international business managers. Guanxi in China and Relationship building in Japan are examples of the informal cognitive institutions. Their characteristics are described as their concept based hence intangibility. It is significantly important to the international managers, because they are what valued in the countries where the manager will be doing the business. They must be appreciated and understood by manager to succeed its international goal. 2. The UN may be best known for its peacekeeping missions, but it also has many agencies involved in activities that directly impact business. Comment on the UN's influence on a single trade transaction. UN has a functional area called UN/CEFACT which impacts on Trade and Data exchange between the nations.

UN/CEFACT serves as the focal point for trade facilitation recommendations and electronic business standards, covering both commercial and government business processes that can foster growth in international trade and related service. 3. Sovereign wealth funds and high reserves are held by many developing nations today, and they were the major market for IMF loans in the past. How might the IMF adjust to a world in which fewer countries need their loans? International Monetary Fund lends loan to nations who are in need of help. World Bank, on the other hand, has more direct and effective ways of helping the developing country by having IFC. IFC invests in companies or institution directly in developing country, so that its corrupted government cannot interfere and use the funds for any other purpose. 4. In your judgment, do bilateral trade agreements such as NAFTA and Mercosur undercut the WTO?

No. Although World Trade Organization is to promote lower trade barriers and equalities of member countries at the same time, it historically had encountered problems regarding U. S.'s Agricultural goods and goods from other developing markets. 5. The U. S. congress approved NAFTA, despite strong trade unions and labor opposition. Do you agree with labor's opposition? Explain. I can see where the oppositions are coming from, though I am very neutral on NAFTA debate. Its benefits are equally great as its problems. Unions and oppositions is that manufacturing jobs in the U. S. and wages had been suppressed. Also, Mexico cannot compete with Canada and the U. S. for Agricultural goods which lead to loss of farm jobs in Mexico. 6. Mercosur's main trading partner is with the EU rather than the United States. Why might this be the case? It is because Mercosur derived from the NAFTA.

The existing free trade agreements between the countries in North America extended and invited other South American countries. 7. Why is OECD known as "the rich man's club?" Does it impact only rich countries? OECD is often called as "the rich man's club," because the member nations are dominated by the rich and middle income nations. Although they are criticized so, its impact is on every nation since data collected by OECD is to see what are the standard and necessary for a nation to do well economically and socially. 8. Using concepts from new institutional theory, describe three bodies or organs of the EU. EU is one good example of the complete economic integrations. It has political integration, economic integration.

European Central Bank and Euro are example of economic integration.

Political integration is EU legislature where EU has Parliament who represents the nations as one and directly elected by them, the council of the EU which represents governments of each nations in EU, and lastly, European Commision, which represents the interests of the Union as a whole. 9. What impact can the EU have on businesses external to the EU? EU's institutions has been widely known for its unity and success that has reform the politics and economics in the members nations of European Union. They had gone through success and failure which can be studied by, and it can also be studied by the businesses who plan to enter the European market.

### Case Study

You are researching direct foreign investment possibilities in African countries in the energy sector, either 100 percent owned or with a local partner. Which organization discussed in this chapter would you look to for help in developing a list of criteria for your decision?

African Countries are very environmental, and there may be challenges in operating such facility; therefore without an absolute certainty provided, I would invest with local partners who are well aware of the environmental factors.

I would get helps in developing a list of criteria by United Nation, UNEP regarding environmental issues and UNESCO regarding human and labor rights. I believe UN would be interested in the project since it is creating jobs and building green energy at the same time which also falls with UN's goal.

If the project lands without any issues, there would be many institutions and investors who would be interested since the rate of return is very promising.