

# The cage distance framework essay sample

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



When expanding to a foreign country, the company needs to analyze the business environment in the foreign country. One of the best tools, how to recognize differences between domestic and foreign country is the CAGE distance framework. In the report, I firstly define foreign direct investment and briefly describe analyzing foreign country for FDI. I mention the CAGE framework as one of the important parts of this analysis. CAGE is an abbreviation for cultural, administrative, geographic and economic distances. These distances can often represent barriers for the company to successfully expand into the chosen foreign country; therefore it is important not to underestimate them. In the second, practical part of report, I analyze the expansion of American company Toys R Us to Japan. This case is very representative, because Japanese retail market is very different from the American. By recognizing all the distances and barriers, Toys R Us found a way to exploit them and successfully entered Japanese toy market.