

## CHAPTER IV

### CONCLUSION

According to Glenn Ebersole, “Trust is the foundation of any business relationship” (par.1). In international business relationships, the significance of trust between exporters and importers is even more highlighted due to the distance and language barrier.

Premature trust building and a low level of integrity cause a trust problem in international business relationships. Premature trust building happens when business partners build trust based on a company’s outer appearance. Meanwhile, a company shows a low level of integrity when it conducts negative actions to gain a bigger profit.

The solution to any trust problem is a negotiation, either through a face-to-face negotiation, or an indirect negotiation using phone, fax or e-mail negotiation. For each type of negotiation, confidence, power, and flexibility are the keys to achieve a win-win solution, as stated in the article “Planning and How to Negotiate”.

Building a solid trust is essential to prevent any trust problem. Building a solid trust is done by carrying out thorough research on a business partner, doing a step by step trust building, and continuously evaluating on the business partner's performance. Using Letter of Credit as the payment term in international business is strongly recommended because an exporter will get the payment and an importer will get the goods if the documents meet the requirements in the LC.

Finally, this term paper concludes that the best solution for the case study between PT Huger and X Company is phone negotiation with 75% payment of the wooden frames. The reasons are the travel expense for a representative of PT Huger to negotiate in the United States was too high and PT Huger's profit from the first export could cover the loss of the second export. Furthermore, as previously mentioned, PT Huger should use Letter of Credit as the payment term for its future international business relationships.

Footnote: A Letter of Credit in Appendice B, as well as export import documents in Appendice C, is only examples and is not related to the case.

