

Guanxi: the art of Chinese networking

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If you want to do business successfully in China, you better understand how the exchange of favours operates.

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Guanxi is one of those foreign words that defy simple translation into English. It comes from the marriage of two Chinese characters: Guan, meaning a gate or hurdle, and Xi, meaning a tie, connection or relationship. So guanxi, rather poetically, can be translated into English as "Pass the hurdle and get connected". In business etiquette guides it's typically equated to the Western concept of networking, but guanxi is far more pervasive in China than networking is in Western countries.

Chinese-Australian lawyer Savina Yang, from Lawyers Chambers, points out that the strong legal systems those businesspeople operating in Western countries have long had access to means they haven't had to create and maintain an elaborate system of trust building and mutual reciprocity. She also notes that Chinese businesspeople still tend to rely on guanxi to find lawyers with solid relationships within their communities.

"Guanxi is about relationships – between family members, neighbours, business partners and others," explains Yang. "When you have established a relationship with somebody else there is seen – within certain limits – to be a moral obligation to maintain that relationship through mutual backscratching. You could draw an analogy with the intricate, complex and often mutually exploitative relationships the characters have in *Game of Thrones*."

Yang illustrates the importance of guanxi by pointing to the difference between her life opportunities and those of her family members back in China. "For my relatives in China, guanxi has played a part in everything from being able to enrol into certain kindergartens, schools and universities, to being able to access certain medical care, to being able to buy certain property. In contrast, accessing those things in Australia hasn't been dependent on me or my family having certain connections."

Michael Benson is Asia Pacific Regional Manager of CRCC Asia, a company that arranges internships for international students with companies in China and Hong Kong. He is currently based in Sydney but two years in Beijing – so he knows that Westerners can often be oblivious to the subtleties of guanxi.

"Guanxi is entwined with Chinese culture and society, so a Chinese person isn't likely to announce, 'I'm now doing you this favour in order to build guanxi with you and will expect you to recognise what I've done and reciprocate at a later date.' It's also not the case that guanxi is just about overtly commercial transactions – it can be built by just giving someone a small gift or going out of your way for them in a minor way.

"My advice to Westerners would be to stay alert for when a Chinese person is doing you a favour and to make sure to return it. And, as with Western networking, there's a proportionality involved – you can't shout someone a \$20 meal then expect them to invest \$200,000 in your business in return."

Both Yang and Benson believe guanxi probably operates differently in relationships involving a Western and Chinese person, but they insist Westerners can – and should – play the guanxi game if they want to get anywhere with Chinese suppliers, clients and partners.

"It may well be more difficult for Westerners to develop guanxi, especially as they don't have family or geographical connections to draw on, but it can be done if you want to put the necessary time and effort in," says Benson.

"When I arrived in China I worked as an intern at a social networking company. I made the effort to establish a personal relationship with my supervisor and did favours for him and his family when I was able to. In turn, he organised a full-time job for me at the end of my internship and that allowed me to launch the career I enjoy today."

Yet as important as guanxi is, it's not a magic bullet. "While who you know is important in China, so is what you know," says Yang. "Guanxi can help get you a meeting but if you're asking someone to invest in or partner with your business, doing so still needs to be an attractive proposition to them for all the standard business reasons."

"Guanxi isn't everything and it's not eternal," agrees Benson. "China has a very competitive business environment and you have to keep in mind your competitors may well have as much or more guanxi as you do. Plus, guanxi is about both parties maintaining a mutually beneficial relationship; once one or both parties come to believe that's no longer the situation the guanxi will soon disappear."



Savina Yang: it's all about relationships.

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