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“Guanxi” is Focus of Chinese Business Community

By James R. Cambridge and Chaoyi Ding

FAST FACTS

The Chinese word *guanxi* represents the many personal relationships a person has with others, and good *guanxi* is considered essential in business.

Formed in 1995, the Detroit Chinese Business Association’s goal is assisting the Chinese in making investments in Michigan, which brings important capital to the state, creates jobs, and strengthens the state’s economy.

Because of the efforts of the association and its members and those of Michigan governmental officials, it is estimated that there are nearly 100 Chinese companies with current operations and investments in Michigan.

Relationships are important in business, and for the Chinese, close personal relationships are valued.

The Chinese word *guanxi* represents the many personal relationships a person has with others, and good *guanxi* is considered essential in business. In Michigan, the Detroit Chinese Business Association promotes good *guanxi* and business relationships throughout the state. In doing so, the association plays an important role in building relationships that can be vital for Michigan business.

The Detroit Chinese Business Association was formed in 1995 to support the growing number of Chinese moving to Michigan. Although this is still one of its roles, the association has become an important resource for Chinese companies conducting business in Michigan and Michigan businesses wishing to enter the Chinese market. Over the past 18 years, the association has benefitted from the support of more than 2,800 individual members and dozens of corporate sponsors.



The association's goal is assisting the Chinese in making investments in Michigan, which brings important capital to the state, creates jobs, and strengthens the state's economy. In some cases, this investment creates jobs; in others, it saves them.

The association describes itself as a bridge between China and the United States. "The Detroit Chinese Business Association serves an essential role in facilitating the rapidly growing investment made by Chinese companies in Michigan," said Jerry Xu, the association's president. "It also helps provide key assistance to Michigan companies that want to go to China. We are proud of this role and the success that the association has had in helping Michigan business."¹

Like every nonprofit organization, the association is run by a dedicated group of volunteer directors and officers.

Because of the efforts of the association and its members and those of Michigan governmental officials, it is estimated that there are nearly 100 Chinese companies with current operations and investments in Michigan. The capital this brings to the state is significant, and the Chinese are making new capital investments in Michigan all the time.

The association has hosted delegations of business executives and government officials from China who are interested in investing in Michigan including representatives from Shandong Weihai, Inner Mongolia, Shang Zhou and, most recently, the Hunan, Nantong, and Guizhou provinces.

The association also played an important role in hosting a recent visit from a group led by China's vice minister of energy.

While the Chinese delegations are in Michigan, the association arranges for their business executives and governmental officials to meet executives from Michigan businesses in a variety of industries as well as state, county, and municipal government officials.

Members of the association maintain close relationships with China's consul general in Chicago. Midwest Consul General Zhao Weiping met with association leaders and members earlier this year. The consul general can provide important assistance to Chinese companies coming to Michigan and Michigan businesses going to China.

Additionally, the association presides over the Annual China Forum where government and business leaders from China and Michigan meet to discuss important current business issues.

The association works with other organizations in promoting Michigan business. In September, it partnered with the Michigan Economic Development Corporation to present a "Pure Michigan"

networking and social event for visiting Chinese government officials and business executives. The event began with a panel discussion on the many business opportunities existing in Detroit led by Steve Hilfinger, Michigan Economic Development Corporation executive vice president and chief operating officer. The association also organized a program entitled "Exchange & Engage: Opportunities in Detroit, Nantong & Shandong," which included presentations from various business leaders from China and Michigan on the opportunities for investment in these regions.

In addition to assisting Chinese investment in Michigan, the association helps Michigan-based businesses wishing to sell goods or provide services in China. The association can help Michigan businesses establish a physical presence in China as well—in manufacturing, for example.

The association also provides invaluable assistance to both Chinese and Michigan operations interested in buying and selling their respective businesses, and is an important resource for Chinese and Michigan companies looking for suppliers of goods and services.

Networking is very important for doing business in China. During the course of the year, the association holds various networking events at which Chinese and Michigan businesspeople can begin new relationships or nurture existing ones. The association also holds a number of social events such as the spectacular Chinese New Year Gala.

We are fortunate to have organizations like the Detroit Chinese Business Association that are committed to promoting long-lasting personal relationships that are good for business in Michigan.

This is good *guanxi*. And good for Michigan. ■



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ENDNOTE

1. E-mail conversation with Jerry Xu, president, Detroit Chinese Business Association [September 25, 2013].