GLOBAL CHANNELS OF SUCCESSFUL IMMIGRANT ENTREPRENEURS ILLUSTRATE THE CONSTRUCTAL LAW

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ABSTRACT

In the last decades, the unstoppable growth of global immigrant entrepreneurs (IE) due to new technology increased IE’s mobility and need to create a more rapid flow of expansion. Recent interviews with Chinese entrepreneurs unveiled a network of global channels (guanxi) sustaining their entrepreneurial activities. Despite controversy and critique of some negative aspects of guanxi, scholars concluded that guanxi are the main factor in immigrant-entrepreneur organizations (IEO) global success. The striking resemblance between guanxi and the constructal design in the constructal law started this research about the constructal theory as a scientific explanation of guanxi. The fact-based investigation reveals that guanxi extend today like branches of a tree going from immigrant entrepreneurs’ country of origin (where IE were born and raised) to their adopted country (where IE now live and work). Today, guanxi are also morphing and expanding in new countries, where other IE—sharing the same culture and language—conduct business. The morphing composition of guanxi includes diverse people, from suppliers and distributors to bankers and partners. Past research praised this marketing system, yet there was no understanding of guanxi design being based on a scientific concept. This paper explores for the first time the connection between successful immigrant channels and the constructal law. World maps, recent surveys and interviews with global entrepreneurs show that the flow of guanxi is real, and the successful outcomes are based on science rather than ingenuity. There is no doubt that guanxi are a real, vivid illustration of the constructal law. In opening new doors and asking new questions, the impact of this research might prove to be substantial.

Keywords: Constructal law, Guanxi, Morphing, Migration, Immigrant entrepreneurs.

1. GLOBAL CHANNELS OF SUCCESSFUL IMMIGRANT ENTREPRENEURS ILLUSTRATE THE CONSTRUCTAL LAW

http://www.theguanxi.net VIDEO 30 sec. starts here (please open link).

In the last decades, small businesses of immigrant entrepreneurs (IE) are rapidly growing yet there is limited research about the new global IE and their successful organizations. Today, immigrant entrepreneurial organizations (IEO) are important factors in global economic growth, building valuable bridges between national small businesses, global enterprises, and the homeland nation. According to recent studies, scholars agree that IEO are frontrunners in the ongoing global business Marathon ([1]). Consequently, all these changes in global economy demand a new, more competent scientific exploration in the new, exciting field of global immigrant-entrepreneurs ([2], [5], [18-21], [45]).

2. ENTREPRENEURS & MIGRATIONS

From the old times, entrepreneurs and migrations changed the history of mankind. From Leonardo da Vinci and Edison to Steve Jobs and Zuckerman, our history provided many brilliant examples of entrepreneurs who made the world a better place. Migrations also have a long history, as they started from the dawn of humanity when people from East Africa started to move and populate our planet, until the recent period of globalization when many so-called “global citizens,” cross the borders of nations or continents more than ever before in the past.

Figure 1. Humans first arrivals in a region (DNA Data).
For thousands of years, the constantly evolving flow of migrations continued to change human history: the Silk Road from Asia to Europe, Jewish migration from Egypt to the promised-land, European-American migration, Jews migration to the new state of Israel, etc.

After WWI and WWII, migrations continued to disrupt life of people for political or religious reasons: Jewish migrations to escape anti-Semitism, Russian and Eastern European migrations to escape communism, and many other economic or religion related migrations of Muslims, Irish, Italians, Jewish, Chinese, Indians, Gypsies, Africans, Christians, etc.

3. IMMIGRANT ENTREPRENEURS

In the 21st century, the advanced technology, high mobility, and increased globalization transformed the immigrant-entrepreneurs in frontrunners of the global business Marathon. According to recent studies, the entrepreneur is the sole important factor moving the global business engine of our time ([3, 4]). Yet many past articles provided limited, and many times dated information about IE, as they described the same characteristics of immigrant-entrepreneur organizations (IEO): (1) diversity, (2) unique way of doing business, (3) rapid growth ([5-7]).

4. GUANXI: GLOBAL BUSINESS CHANNELS

Multiple interviews with Chinese entrepreneurs unveiled a network of global ethnic channels (guanxi) sustaining their entrepreneurial activities. Recent articles confirm that today global networks “guanxi” are making all strategic and marketing decisions in IE organizations ([8]). Despite controversy and critique of some negative aspects of guanxi, many scholars concluded that guanxi are the main factor resulting in IEO’s phenomenal global success ([9], [10]).

The striking resemblance between guanxi and the constructal design started this research, and its first goal to demonstrate that guanxi are an illustration of the constructal law, later changed into another, much deeper approach of guanxi concept. Guanxi-- an old Confucian concept preserved
as a main philosophy in Chinese society-- is functioning today as a personalized network of influence based on trust, friendship, loyalty, respect, and exchange of mutual favors (Table 4).

**Table 4. Guanxi (from Wikipedia, in simplified Chinese)**

![Image](image)

In today’s economic global market, guanxi remains an important system of social networks and influential relationships that facilitate business ([44, 45], [47]). Many Westerners realize that ‘good’ guanxi is the key needed to open closed doors. Major global business corporations recognize the importance of understanding guanxi philosophy versus marketing. Conducting business in China is challenging, and observers declared that “Westerners don’t trust Chinese because they always help their friends, and Chinese don’t trust Westerners because they don’t help their friends” ([15], [45], [47]). The difference between marketing and guanxi (Table 5) consists in the emphasis either on business (marketing) or on relations (guanxi).

**Table 5. Marketing vs. Guanxi**

![Image](image)

The path to ‘good’ guanxi is not an easy one to follow. There is sometimes a fine line between guanxi and bribery (called in Russia “blat” or in Israel “protekia”). After the fall of the communist regime in countries like Romania, the bribery (called “mita”) became in the past decades the usual way to obtain a diploma, a position or a job, even to be accepted in a doctor’s office or in a hospital ([19]). Hopefully, all this will soon be history.

6. **CONSTRUCTAL LAW & GUANXI NETWORKS**

“Constructal” is a word coined by professor Adrian Bejan in 1997, when he described that everything around us is a flow system, and all these “flow systems evolve over time, being connected to and shaped by other systems, in a global tapestry of flow” [30].

Dr. Bejan’s (1997) constructal law of design was stated as follows: “For a finite-size system to persist in time (to live), it must evolve in such a way that provides easier access to the imposed currents that flow through it ([22-24], [28], [30]).

This revolutionary concept unites in a beautiful “oneness” animate and inanimate systems in nature, society, science, sports, design, academia, publishing, and architecture ([16], [22-26]).

The theory of constructal law demonstrates that everything that moves in nature (animate or inanimate) generates in time shapes that facilitate this movement. Examples of treelike architectural design are: plants and tree roots, leaves, river basins, our cardiovascular system, our lungs, corporate structure, global social channels, etc. ([22-25], [30-38]).

The branching design is generated in natural or social environments because it facilitates the evolutionary flow, i.e. a successful outcome ([30, 36], [40-45]).

Fig. 7 and Fig. 8 illustrate the similarity of inanimate and animate constructal designs: in river basins (Danube Delta in Romania), and in our modern society (IE Global Network). The division of Danube in three branches facilitates its flow to the Black Sea.
The global networks of IE are rapidly growing in specific areas facilitating the guanxi flow.

Before constructal law of design was discovered, the idea of “oneness” with nature, i.e. between the inanimate and animate realm, was based on a hunch, on intuition rather than on a scientific, rational, verifiable proof ([30]). The increased interest of the scientific community, and the diversity of scholars new findings demonstrate today that the constructal law “provides this missing link,” and this link is based on science, on physics ([22], [25, 26] [29], [39]).

7. CONTROVERSY & CLARIFICATION

Why it takes so long for people to accept new, disruptive theories? An extraordinary scientist born not far from Parma, the Nobel prize winner Rita Levi-Montalcini, had to wait 45 years, (from 1942 until 1987) to have her scientific discovery of nerve growth factor recognized, and finally accepted ([18]). As a novice researcher, my admiration and gratitude goes to all these brilliant and courageous scientists who believe in their new ideas, and I wish the day will come when the constructal law design will inspire conservative people locked in their closed systems open up, and join the flow of progress rather than oppose it.

Bejan and Lorente ([36]) declared the constructal law, as well as the laws of thermodynamics, as scientific “first principles.” They also stated that first principles emerge as non-mathematical statements that do not require any proof based on statistical physics ([28], [30], [39], [42]).

For example, the thermodynamic laws were formulated as first principles by Clausius: “No process is possible whose sole result is the transfer of heat from a body of lower temperature to a body of higher temperature” and Kelvin: “Spontaneously, heat cannot flow from cold to hot regions without external work being performed” ([39], [42]).

According to Bejan and Lorente, in the very beginning a first principle or a new law does not have to be stated in mathematical terms; e.g. the “mathematization” of second law of thermodynamics came later ([29, 30], [39-42]).

The constructal law underwent the same evolution: the initial statement (1997) was followed by a complete mathematical formulation of the constructal law in 2004 ([28], [30], [41]).
8. NEW FINDINGS

As this study progressed, aspects of the resemblance between the constructal law and guanxi networks reached a deeper level of investigation. The findings demonstrated that global guanxi networks are also illustrating “hierarchy”; “the golden ratio”; “the S curve,” and other manifestations of the constructal law, such as “short and slow & long and fast; big and few & small and many” ([23], [24], [17], [30], [31]).

9. HIERARCHY

According to the Constructal Law, ‘hierarchy’ can be observed in nature or diverse areas of human activity: medicine, biology, society, psychology, business, etc. ([17], [20], [22], [25], [30], [33-40]). IEO’s corporation structure is an example, and the same constructal design is noticed in organizations like GN (Fig. 9).

![Figure 9. Hierarchy of Guanxi Network (Google/ Guanxi Network)](image)

In the last decade, an interesting new guanxi aspect is that the complexity of hierarchical order in guanxi raised new challenges for foreign firms conducting business in China. As illustrated in Fig. 10, today the guanxi penetration of the market is not possible without adapting the flow of design with several layers of boundary spanners.

10. GUANXI BOUNDARY SPANNERS

Guanxi boundary spanners are relating the guanxi insiders with foreign guanxi outsiders. Enabling foreign companies to connect with local guanxi business networks, the guanxi boundary spanners perform tasks that outsiders cannot: find local clients, meet top guanxi people or resolve conflicts between guanxi norms and outsiders norms ([14, 15], [44]).

Fig. 10 represents hierarchy in a concentric diagram of ‘local’ guanxi flow overcoming ‘foreign’ resistance ([44]).

![Figure 10. Guanxi Boundary Spanners (Liu & Gao, 2014, p. 279)](image)

Fig. 10 shows the flow of three layers of guanxi social penetration: (1) outermost (early stage of social penetration), (2) intermediary (middle stage of social penetration), and innermost (late stage of social penetration). Each stage has different players, each one with a specific level of conflict and type of ties: (1) Middleman / low conflict and weak ties (2) Information Trader/low conflict and strong ties; Profit Exploiter/ high conflict and weak ties (3) Shameless Foreign Supporter ([44]).
11. The Golden Ratio

Presentations at CLC in Nanjing, China (2013) mentioned the ‘golden ratio’-- an old concept that united arts and science for a long time--through aesthetic beauty norms in both science and arts. Golden ratio is a mathematical concept recognized from antiquity as an expression of perfection, and it is related to numbers, proportions, fractal geometry. The constructal law also explains why nature has temporal and spatial fractal geometry, and how it facilitates the evolution of the natural fractal geometry in both animate and inanimate systems.

Fractal means a repeating pattern (natural or a mathematical) coined by Mandelbrot (1975) from the Latin “broken” or “fractured.” Mandelbrot (1975) extended this mathematical concept to geometric patterns in nature, and he summarized it as “beautiful, damn hard, and useful” ([19]). Fractal patterns have different degrees of self-similarity and are identified in images, structures, sounds found in nature, society, technology, art, etc.

The Constructal law explains why the geometry of nature is fractal. Based on the constructal law complementing the golden ratio, the architect and designer Nigel Anthony (2013) named his principle of geometric optimal flow “asynsis” i.e. asymptotic synthesis, and asymmetric creation ([26]). Anthony (2013) argued that both constructal law and “asynsis” concepts are dynamic, aligned with golden ratio, and can be summarized as “Form follows flow” ([26]).

12. The S Curve, Short and Slow & Long and Fast

Another manifestation of the constructal law design is the S curve shape, that can be observed in growth of yeast, spreading of populations, the rapid growth of IE organizations, the economic bubble burst, spreading of languages, growth of MNC ([43], [23], [30, 32, 34]).

The shape of S curve was clearly noticed in the evolutionary flow of all known IEO: slow and short at the beginning, then long and rapid (‘invasion’), followed finally by another slow and short ending flow (‘consolidation’). These short and slow, and long and fast designs mentioned by Bejan & Lorente were recognized in many areas of research, studies, and peer-reviewed articles about IEO ([1-5][17], [21, 23], [30, 32], [34-36], [43]).

13. Constructal Law & IE Guanxi Networks (GN)

In the beginning of presentation we mentioned that the constructal law of design shows striking similarities with the successful immigrant-entrepreneurs global channels (guanxi). These ethnic channels-- from the country of origin to the newly adopted country ([1-11], [30], [36]) -- proved that Bejan constructal law can be their conceptual foundation, as well as the cause of their global success.

Consequently, if the GN model could be extended as an innovative marketing system for all other global entrepreneurs, it might drastically change the future of mainstream global entrepreneurs, transforming their struggle and isolated efforts in a splendid dance of global collaboration.

14. Summary

This paper explores for the first time the scientific connection-- based on nature’s laws of physics-- between immigrant channels and the constructal law ([3-11], [14, 15], [20], [41]).

The investigation for guanxi being an illustration of the constructal law revealed that guanxi networks extend today like branches of a tree, going from immigrant entrepreneurs’ country of origin (where IE were born and raised) to their adopted country (where IE now live and work).

Today, guanxi is also expanding in many new, remote places, where other IE sharing the same culture and language conduct business ([44], [5-11], [14, 15], [18, 20]).

The morphing guanxi network is composed by suppliers and distributors, bankers and partners, investors or friends. Past research praised this marketing system, yet there was no understanding of guanxi being based on any scientific concept. Today, the constructal design demonstrates that guanxi is an evolutionary design created by the law of physics, either in nature or social relations to facilitate flow, i.e. a successful outcome. World maps, recent surveys, interviews, and statistics ([46]) show that the flow of guanxi is real, and successful outcomes are based on science rather than on IEO’s ingenuity and innovations ([10],[22],[24],[26],[29],[44-47]).

In sum, there is no doubt that global channels of successful IE are a real, vivid illustration of the constructal law. In opening new doors and asking new questions, the impact of this study might prove to be substantial. The constructal law of design has a broad appeal ([12, 13], [19], [26]), and inspires many creative ideas in entrepreneurship, which is claimed to be ‘more art than business’. The evolution of humanity will be soon in the hands of ‘good’ guanxi.

15. Predicting Future Guanxi

The beauty of the constructal law of design relies not only in discovering phenomena, but also in the ability of predicting them. Based on the constructal design, Fig. 12 offers the frame to predict future guanxi by drawing them live on the world map. These ‘guanxi predictions’ should be, and are the result of an analysis of present situations and similar events in past history. In sum, all these predictions should be, and are based on the constructal law of design.
And now, let’s start to draw together ‘good’ guanxi. Imagine them flowing and morphing; from Chicago to Singapore, from Hong Kong to Parma, and from Sienna to Mumbai, for an easy flow of life on this planet.

(http://www.theguanxi.net VIDEO last 30 sec. starts again, continues and fades away).

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REFERENCES


AABBREVIATIONS

IE= Immigrant entrepreneurs
IEO= Immigrant-entrepreneurs Organizations
CL= Constructal Law
GN= Guanxi Network