

STRATEGIC LESSONS IN CORPORATE GOVERNANCE FROM THE INCA EMPIRE

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ABSTRACT

One of the most powerful cultural influences in the past 500 years in South America has been the legacy of the Inca Empire. Many of the management techniques, business ideologies, and organizational systems that thrive today in South America, particularly in the Andean region that stretches from Colombia to Chile, have strong undertones of the prevalent indigenous values that dominated during the reign of the Incas. In this paper, core managerial principles of the Incas are identified and explored based on an examination of the guiding organizational ideology that led this civilization to its zenith of greatness just prior to the arrival of Europeans to the Americas. This paper assesses, examines and discusses the state of these values in organizational thinking today in Andean South America and the implications of the relevance of Inca principles to foreign firms, (those not based in Andean South America). Finally, the paper identifies future research directions.

Keywords: Inca empire, corporate governance, strategies, strategic decision-making techniques

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LECCIONES ESTRATÉGICAS DEL IMPERIO INCA SOBRE GOBERNANZA CORPORATIVA

RESUMEN

Una de las influencias culturales más poderosas en los últimos 500 años en América del Sur ha sido el legado del Imperio inca. Muchas de las técnicas de gestión, ideologías empresariales y sistemas organizativos que prosperan hoy en día en América del Sur, especialmente en la región andina que se extiende desde Colombia hasta Chile, presentan fuertes matices de los valores indígenas predominantes durante el reinado de los incas. En este artículo se identifican y analizan los principios fundamentales de gestión de los incas a partir de un examen de la ideología organizativa que guio a esta civilización hasta su máximo esplendor, poco antes de la llegada de los europeos a América. Asimismo, se evalúa y discute el estado actual de estos valores en el pensamiento organizacional en los países andinos de América del Sur. Finalmente, se examinan las implicaciones de la relevancia de los principios incas para las empresas extranjeras, es decir, aquellas que no tienen su sede en la región andina, y se identifican posibles líneas de investigación futura.

Palabras clave: Imperio inca, gobernanza corporativa, estrategias, técnicas de toma de decisiones estratégicas

1. INTRODUCTION

Almost 500 years after the fall of the Inca Empire, the influence of Inca civilization can be observed throughout Andean South America. When Europeans first arrived in the Americas, the Inca Empire was the largest and arguably the most sophisticated and developed society in the hemisphere (Ainsworth Means, 1931; Bauer, 1992; Sullivan, 1996; Von Hagan, 1961). At the time of the last Inca, Atahualpa, the empire was home to an estimated ten million people, with 10 000 miles of paved roads, farming, astronomy, government, and mathematics. Moreover, the organizational design, leadership techniques, logistical advances, and cultural value system of this group were not only unique and clearly defined, but also still play a significant role in corporate governance structures that dominate Andean South America today (Espinoza Soriano, 1997; Rostworowski, 1999).

Demographically, the number of people in South America that are either direct or indirect descendants of the Inca civilization dominates the nations of Peru, Ecuador, and Bolivia, and to a lesser extent can also be found in Chile, Colombia, and Argentina. According to current official population statistics over 70 million people from various backgrounds in Andean South America are indigenous, or semi-indigenous, natives of the region (Central Intelligence Agency, 2024). Indeed, over 40 percent of the 150 million people living in Andean America today possess some Inca blood.

Yet to what extent do the lessons from the Incas impact managerial thinking in South America today? And are there any leadership or managerial approaches that were employed during the powerful reign of the Incas that may have more generalizable, global, implications for organizational governance and the management of small and medium size enterprises worldwide

in the 21st century? The overall purpose of this research paper is to provide a qualitative historical analysis of the culture and governance techniques of the Incas while simultaneously assessing governance patterns and trends in Andean South America in today's context. The fundamental research questions pursued are: 1. Do any Inca traditions and strategies provide insight into management in Andean society today? and 2. Were there strategic decision-making techniques of the Incas that can help managers, from within and beyond the Andes, think differently about efficiency, organizational design, and corporate governance?

The idea of corporate governance has been around for many decades and the concept is rooted in the idea of how organizations can help reduce agency problems by finding stronger alignment of interests with stakeholders (Ellili, 2023; Jensen & Meckling, 1976). Scholars such as Freeman and Reed (1983) argued that corporate governance is charged with involving stakeholder groups with strategic decisions. The concept of corporate governance has been applied to a variety of themes by researchers including a wide range of topics such as financial performance, board diversity, corporate social responsibility, risk management, corporate strategy, and ownership structure (Azam et al., 2019; Khan, 2022; Lenssen et al., 2014). With respect to Latin America there appears to have been a lag in corporate governance research focused on approaches in the region and the research presented in this paper is designed to help bridge this gap to some extent while also highlighting promising future research areas (Cordova et al., 2020; Pinheiro et al., 2023).

While archeologists, anthropologists, and sociologists have developed a strong body of knowledge about the culture, values, and rituals of the Inca Empire, management researchers know very little about how Inca leadership approaches may impact business acumen in the region (Parodi, 2000; Sully de Luque & Aurora Arbaiza, 2005; Wicht, 2005). The study of indigenous leaders from an historical perspective is not unprecedented. There is a long tradition of management researchers evoking the lessons from historical figures such as Sun Tzu, Confucius, Machiavelli, Charles Darwin, and William Shakespeare as a creative window into leadership and organizational thinking (Fenn, 2006; Samuels, 2003; Sun Tzu, 1971). For example, in a recent book about the leadership lessons from early nineteenth century British admiral Lord Nelson, the authors' cleverly examined the admiral's unique communication style as an allegory for inspiring workers today to achieve a higher level of motivation (Jones & Gosling, 2005). While the trend of examining famous historical individuals for evidence of managerial competence is on the rise, the number and scope of analyses into great historical civilizations, such as the Romans, Egyptians, Aztecs, and Incas, has been extremely limited (Fenn, 2006). The analysis of highly successful societies and organizations from prior centuries is important because it can provide keen insight into the successful approaches to leadership and governance that were employed during certain eras and may be applicable to managing today in those regions.

Additionally, developing a more cogent understanding of the historical cultural traditions and philosophies in certain countries or regions of the world facilitates a broader template from which to judge successful indigenous management practices. Whereas corporate governance is primarily charged with how organizations incorporate stakeholder views into the top-level decision-making process in an organization (Freeman & Reed, 1983), the extent to which Inca leadership evaluated, assessed and treated the wide range of members and affiliated members of their society is a relatively unexplored topic. This study follows a three-step research approach. First, it reviews the significance of trade and provides a demographic overview of Andean South America. Second, it conducts a literature review on the rise and fall of the Inca civilization. Finally, by applying Inca characteristics to management practices, it identifies four key pillars of Inca management.

The structure of this paper is as follows. The next section provides a brief summary and evaluation of the regional demographic and economic situation in Andean South America. This is followed by an historical overview of Inca civilization and its possible relationships with management practices in Andean South America. This is followed by a description of four pillars of Inca management: the hierarchical hub-and-spoke design, multiple point precision logistics, symbolic accounting, and top-down values. The following section provides an assessment of the significance of these pillars of Inca management in contemporary Andean South America and examines key factors for organizational effectiveness in emerging Andean economies. The paper concludes by examining the implications of these findings for management and and presenting recommendations for future research.

2. ANDEAN SOUTH AMERICA

From an economic and trade perspective the strategic importance of Andean South America has grown immensely in the past decade (Parodi, 2000; Trevino & Mixon, 2004; Wicht, 2005). Moreover, Peru already signed and implemented a free trade agreement with the United States in 2008 which helped solidify its positions as a major trade partner with its North American neighbor. The trade level between Asia and Latin America has been growing at a remarkable rate as well. Chile was the first nation to sign a free trade agreement with China in 2005, and Peru was not far behind solidifying its trade deal with China in early 2009. Trade between Latin America and China now far exceeds the 2005 level of \$30 billion annually as China looks to fuel its industrial machine with a deep hunger for raw materials (Heine, 2006). And the Andean nations, with their geographic location advantage on the Pacific, and seemingly endless reserves of copper, nickel, gold, silver, and oil, have become a primary target for Chinese investment. Moreover, as incomes grow in general in Latin America, this area of 33 nations and 530 million people will undoubtedly be looked to by many developed nations as a significant export market for consumer goods and services in the future (Pinheiro et al., 2023; Wicht, 2005).

Table 1 presents demographic and economic data for the six Andean nations that are examined in this paper. The Andean region has experienced significant economic success at the start of the new millennium with the Argentinean and Chilean economies demonstrating the highest average GDP per capita (ppp) levels in the region in 2023. From a population perspective, in Andean South America, Colombia has the largest population with just under 50 million people. Also of note is that the region that overlaps most with the former Inca realm, that of Peru, Bolivia and Ecuador, is populated still by a vast majority of people who identify as either mestizo or indigenous (Central Intelligence Agency, n.d.).

Table 1
Demographic and Economic Data for Andean South America

Country	Population (million)	% Indigenous	% Mestizo	GDP per capita (PPP)	Top export destinations (%)	Corruption rank (raw score)
					China 30	
Peru	32,6	26	60	\$ 15 100	USA 15	121 (33)
					Japan 5	

(continues)

(continued)

Country	Population (million)	% Indigenous	% Mestizo	GDP per capita (PPP)	Top export destinations (%)	Corruption rank (raw score)
Ecuador	18,3	8	78	\$ 14,300	USA 27 China 17 Peru 14 India 16	115 (34)
Bolivia	12,3	20	68	\$ 9,700	Brazil 14 Argentina 13 USA 26	133 (29)
Colombia	49,5	4	54	\$ 18,800	Panama 10 Netherlands 6 China 39	87 (40)
Chile	18,6	3	25	\$ 29,500	USA 14 Japan 8 Brazil 15	29 (66)
Argentina	46,9	2	3	\$ 26,500	China 9 USA 8	98 (37)

Note. Adapted from Central Intelligence Agency (2024), and Transparency International (2023).

3. INCA CIVILIZATION

The Inca civilization was not by any means the first form of organized society in the Americas. In addition to the well-known Aztec and Maya civilizations of Mexico and Central America there were many powerful and sophisticated cultures, such as the Chavín, Nazca, and Tiahuanaco, that existed in Andean South America for over two thousand years prior to the arrival of the Inca Empire (Von Hagan, 1961). Yet the Inca Empire is, from a managerial perspective, potentially the most fascinating because the Incas were famously well organized and pursued an unprecedented growth strategy. In addition, the Incas managed to absorb a number of other peoples into their massive organization with apparently seamless ease. The Incas were indeed master organizers and, astoundingly, in less than 100 years, were able to integrate over 500 subcultural groups into an empire with each of the tribes ultimately coalescing around a common language, values, and organizational hierarchy.

The Inca's rapid expansion came to a tragic end in 1532 when an outnumbered yet well-armed Francisco Pizarro led his Spanish expeditionary forces to an overwhelming victory over the Incas. Pizarro himself was likely the most surprised by the ease of his triumph as he advanced deeper into the Inca Empire, discovering to find such an astonishingly sophisticated and well-structured society. Since 1532, many scholars and explorers have dedicated their lives to uncovering the many secrets of the Incas. Numerous research efforts have explored various aspects of Inca civilization, particularly from a cultural and anthropological perspective, covering topics such as bureaucracy, governance, technology and social values (Bauer, 1992; Parodi, 2000). However, the managerial and organizational implications of Inca practices

remain largely unexplored. This paper identifies four distinctive Inca management principles—the hierarchical hub-and-spoke design, multiple point precision logistics, symbolic accounting and top-down values— and examines their relevance to organizational theory. The following sections provide a detailed analysis of each of these principles.

4. THE FOUR PILLARS OF INCA MANAGEMENT

4.1 The Hierarchical Hub-and-Spoke Design

One of the most sophisticated aspects of the Inca Empire was its meticulous and distinctive organizational structure, which defined the empire's governance. Given the empire's rugged terrain and vast expanse at its peak, a highly effective hierarchical structure was essential. Moreover, as the Incas expanded, they strategically incorporated various ethnic groups, ensuring their integration—both culturally and politically—into the imperial structure. This process of assimilation was fundamental to the empire's growth and stability. Although the Romans, Egyptians, and Aztecs also developed highly sophisticated organizational systems, the Inca's distinctive contribution was the hierarchical hub-and-spoke design.

Although the concept is relatively simple, the Inca organizational structure was undeniably distinctive. The Incas referred to their empire as Tawantinsuyu, meaning 'the four quarters of the world'. The official name of the Inca Empire was Tawantinsuyu. Its rulers, including kings and members of the royal family, were officially referred to as Incas although today the term Inca is used both to describe the rulers and the entire society (Rostworowski, 1999). As the capital and political center of the empire, Cusco served as the geographic hub of its administrative structure. From Cusco's great square, four main routes extended in different directions, forming the four suyos, or administrative regions. Each suyo had its own governor that reported to the Inca leadership in Cusco. Interestingly the suyos varied significantly in geography, population, and the production of food, minerals, and other resources. It appears that the suyos were strategically divided to maintain a balance of resources and influence (Bauer, 1995). One suyo, Antisuyo, covered the jungle region and was geographically vast and strategically important for military purposes and fruit production. Another suyo, Cuntisuyo, was significant for spiritual and mining reasons, a third suyo, Collasuyo, the largest of the four, had the most diverse population and was known for its abundance of precious stones and wool production. The final suyo, Chinchaysuyo, stretched the longest in distance (some 1250 miles north to Quito) and was rich in potential new conquests.

Each governor, or apo, who ruled a suyo had a formal chain of command within the territory, as well as an official tampu, or territorial headquarters. Beneath each apo were approximately 50 honocuracas who were each responsible for at least 10 000 people. Under each honocuraca were two picawaranka-curacas, each responsible for roughly 5000 individuals. The hierarchy continued down to the foreman level, where a canchacamayoc was responsible for ten individuals (Espinoza Soriano, 1997). This system was extremely hierarchical and had virtually no lateral reporting. The advantage was centralized control and rapid reporting to the top, both of which were essential to the empire's success.

The remains of this hierarchical hub-and-spoke structure can still be observed in various forms throughout South America today. It is not uncommon to find numerous layers of management even in relatively small firms in South America. This structure especially prevalent in government institutions, particularly in Ecuador, Bolivia, and Peru, the regions most influenced by the Incas. One consequence of this appreciation for both hierarchy and equality has been the emergence of strong labor unions in the Andes (Collier & Collier, 1991).

In a study of human resource management in Peru, Sully de Luque and Aurora Arbaiza (2005, p. 81) found that, "Deep hierarchies exist in many organizations, built on multiple checks and balances." The authors concluded that this hierarchical trait is strongly linked to the cultural dimension of power distance in which Andean nations scored very high in Hofstede's study (1980). Chile —and, to a lesser extent, Colombia— has moved toward a flatter government bureaucracy. Chilean firms, such as copper giant Codelco, have also implemented more horizontal reporting techniques, influenced in part by European immigration and evolving organizational thinking over time. This shift can be attributed, in part, to a wave of openness in Chile and significant foreign direct investment beginning in the early 1990s. While the uniqueness of the Inca hierarchical structure remains influential in Andean America today, the underlying processes that flowed throughout the structure were also sophisticated, innovative, and resonate in the 21st Century.

The Hierarchical, or Inca, hub-and-spoke design shares several similarities with the Theory Z organizational structure, which was extensively discussed by Outchi and Jaeger (1978). Theory Z organizations are characterized by reduced complexity, increased formalization, and deep decentralization. According to Outchi and Jaeger, the key to Theory Z organizations is long-term flexibility, which serves as the foundation for the structure. Theory Z firms are designed to adjust employment levels to meet changing economic conditions and needs —a parallel trait that fosters the same adaptability found in the Inca hub-and-spoke design. The key difference between the two structures is that the Inca hub-and-spoke was better able to shift strategic objectives between divisions, or *suyos*, without any significant structural constraints.

4.2 Multiple Point Precision Logistics

The logistical system of the Incas was a marvel of supply chain efficiency, relying on formal road and courier systems. Historically, the two most renowned road systems were those of the Romans —with over 50 000 miles of paved roads— and the Incas, with approximately 10 000 miles. Yet the Inca roads were constructed across undeniably rugged terrain, and their accomplishment was described by the explorer Alexander von Humboldt as one of the most impressive works ever executed by man (Von Hagan, 1961). The roads served primarily as routes for messenger travel but were also used for various strategic purposes, including the transport of nobility, gold, military personnel, weaponry, and trade goods. The roads were punctuated by markers along their entire length, and thousands of *tampus* — provincial headquarters that also served as resupply stations— were strategically located across the territory. Thanks to a sophisticated courier system, these *tampu* stations served as accommodation, supply, and communication hubs. What distinguished these stations from other earlier outposts, such as those used by the Romans and Chinese, was that they were official buildings —continuously replenished with provisions, and maintained by local provincial authorities (Espinoza Soriano, 1997).

The courier system during the Incas period was an integral component of the empire's success. Runners, or *chasquis*, served as couriers, and were, in essence, the formal communication system of the Inca state. The *chasquis* were the most frequent users of the road system and their speed and precision surpassed those of the Romans. Each village in the Inca realm had several *chasquis* on duty at all times and, through their relay system, they were known to cover the 1250-mile route from Cusco to Quito in just five days on foot. At its peak, the Roman relay system covered only 100 miles per day — well below the 250 miles per day of achieved by the *chasquis* (Rostworowski, 1999).

How were the chasquis so efficient? What implications does this have for logistics optimization today? Three factors contribute to the uniqueness and continued relevance of the chasqi system. First, the Incas were masters at minimizing the constraints of time and space. Thus, the road system was designed to prioritize the shortest and fastest routes between points. Second, the hub-and-spoke design facilitated strategic transportation and communication both within and between different suyos. Chasquis were dispatched on missions with military, governmental, or commerce objectives, and the messages that were carried were closely guarded until delivery was completed. In fact, this communication system was so efficient that the Spaniards maintained it until the early 1800s — almost 300 years after the fall of the Inca Empire. Third —and perhaps most importantly—, the chasquis transported messages and goods to multiple destinations. When heading to the northernmost section of the Chinchasuyo sector of the realm, a chasqui route would, by design, often pass through multiple destinations along the way between Cusco and Quito.

In Andean America today, remnants of this multiple point logistical approach can still be found. The aviation firm LATAM Airlines, a subsidiary of LATAM, has experienced rapid growth in Peru by using Lima as a base and offering multiple daily flights to various mountain cities in the Andes. Instead of the typical one-way, point-to-point hub-and-spoke approach commonly followed by US domestic carriers, LATAM also offers stopover flights. For example, a traveler can stop over in Cusco on a flight from Lima to Arequipa (www.lan.com). This pattern of multiple point logistics is also common among other Andean firms, especially when goods originate in the jungle region of countries such as Peru and Ecuador and must be transported by land —sometimes for up to 24 hours— to the nearest coastal port.

4.3 Symbolic Accounting through the Quipu

Consistent with their proficiency in maximizing supply chain efficiency, the Incas were also extremely meticulous when it came to tracking and accounting for the movement of inventory. The one accounting tool that stands out as a unique contribution, perfected and widely used by the Incas is the quipu. A quipu is a multi-stringed cord containing multiple knots, each symbolizing a certain amount or quantity. The mathematical sequence of the quipu was essentially parallel to today's decimal system, yet the instrument included additional features that enabled a flexible, interconnected system of accounting within a single quipu —a trait that differentiates it from early Chinese mechanisms (Ascher & Ascher, 1981; Urton, 2003).

The strength of the quipu as a conceptual and mathematical tool lies in its ability to categorize multiple layers of interrelated information in a fairly simple fashion. How was this accomplished? First, the different colors of string had symbolic meanings, representing categories such as the number of workers, crops or supplies inventories, and quantities of precious stones. Second, the number of knots represented a specific numerical values corresponding to each category of information on the quipu. And third, the spacing between knots represented concepts such as passage of time between specific events. Even the thickness and length of the thread have been theorized to symbolize forms of abstract expression or to represent links to spatial or quantitative concepts (Knight, 2005). According to quipu experts Marcia and Robert Ascher (1981, p. 81), "quipus are records... each has a format designed for the display of the data particular to it. A specific format has been arranged to convey the data concisely while displaying significant relationships and enabling significant comparisons." Indeed, the quipu fosters quick, fluid, comparisons within the same instrument. The underlying principle of the quipu is a concept that computer programmers have been attempting to integrate into modern programming systems to achieve better information flow.

More recently, attempts to decode a series of quipus by Harvard anthropologist Gary Urton and mathematician Carrie Brezine have led to a deeper understanding of this accounting tool. Urton and Brezine have developed a quipu database and are searching for patterns across the strings and knots. According to Urton (2003, p. 16), "Local accountants would forward information on accomplished tasks upward through the hierarchy, with information at each successive level representing the summation of accounts from the levels below." Given the complexities of modern tax law in both developed and developing countries, quipu principles can, if examined in greater depth— can inspire accounting systems and simulations that are more interactive and responsive through the use of symbolic structures.

The quipu has numerous implications for computer programming, especially in the areas of logistics and supply chain management. The quipu's flexibility and complexity introduce a dynamic dimension to the tracking of people, goods, or services. The legacy of the quipu continues to resonate in the cultural psyche of the Andes, influencing contemporary understanding of accounting and finance in the region.

4.4 Top-Down Values in Inca Culture

The glue that held Inca civilization together at its peak was undoubtedly the culture that emanated from Cusco and extended its influence across the Andes. Traces of this tightly woven, top-down culture still persist throughout the region today. Many multinational firms have adapted their products and services to reflect this cultural dimension. For example, Google has made its Peruvian website available in Quechua.

From a managerial perspective, two distinctive traits can be identified as foundational to the Inca cultural value system, contributing to a significant competitive advantage over rival peoples during the period of widespread conquest, organization, and integration: in-group collectivism and respect for authority and hierarchical order. It was the combination of these values that powered the Inca system—values that, if properly understood and applied today, could once again awake the engines of efficiency that once flourished in the Andes.

The cultural value of collectivism—understood as low individualism—has been examined in several Andean nations (Lenartowicz & Johnson, 2002). Hofstede's (1980) cultural dimension of individualism versus collectivism includes data from Argentina, Chile, Colombia, Peru and Ecuador. Although all of these countries scored low in individualism, it is interesting to note that Ecuador and Peru scored among the lowest in the world. A more recent study of twelve Latin American countries by Lenartowicz and Johnson examined a cultural trait similar to individualism, called self-direction, and found low or medium scores in Argentina, Chile, Colombia, Ecuador, Paraguay and Peru. However, the form of collectivism that dominates in South America tends toward in-group collectivism, in which the welfare of immediate friends and family takes precedence over societal or institutional forms. This affinity for the in-group has several managerial implications, including the selection of motivational tools, negotiation strategies, and the use of group dynamics as a key employee incentive (Gupta et al., 2004).

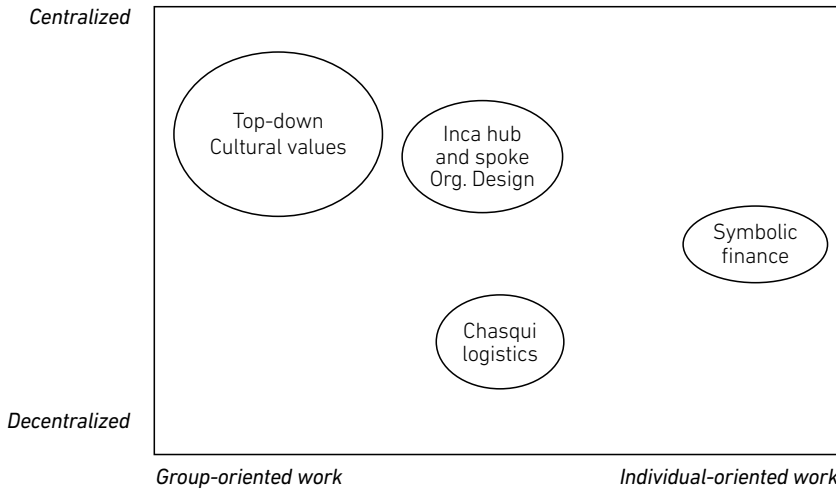
Respect for power and hierarchy was also a prominent value in Inca society. Hofstede's (1980) power distance dimension—which measures the extent to which the less powerful members of organizations and institutions accept the equal or unequal distribution of power—was assessed across several Latin American countries. Interestingly, the Andean nations in the sample—Ecuador, Colombia, Peru, and Chile—clustered together with scores between 60 and 80 on Hofstede's scale, suggesting that the vast majority of citizens in these countries have a strong respect for people in power and are generally willing to grant those in power additional privileges due to their societal position. Lenartowicz and

Johnson's (2002) study introduced a cultural dimension labeled "integrity", which included measures related to responsibility and honesty, and carried implications regarding the tolerance of power abuse by high-level officials. Chile, Bolivia, and Colombia scored high in this dimension, while Ecuador and Peru fell into the medium range. In contrast, Brazil and Venezuela —non-Andean nations in South America—, scored in low, suggesting less tolerance to power asymmetries (Lenartowicz & Johnson, 2002).

A combination of this high power distance and an inherent tolerance for excessive privileges and, at times, unethical behavior by those in power may well be a legacy of the Incas. Argentina —the Andean nation less impacted by the Incas and with the lowest indigenous population among the six nations discussed in this paper— scored lower (49) on this dimension compared to its neighbors, suggesting a flatter power dynamic and lower tolerance for discretionary leadership behaviour (Hofstede, 1980). It is reasonable to surmise that there may be a cultural link between the deeply rooted respect instilled in the *mitmas* (laborers) during the Incas era and the cronic, almost endemic, problem in Andean America of political leaders acting with impunity —often fleeing amid corruption scandals, with few if any repercussions.

5. PLOTTING MANAGERIAL IMPLICATIONS FOR ANDEAN SOUTH AMERICA TODAY

Figure 1 presents the four pillars of Inca management in the form of a conceptual map. One axis represents the spectrum of centralization versus decentralization, while the other reflects the degree of individual versus group work. The size of each cell represents the relative influence of each value on management practices in in 21st-century Andean America. The most significant legacy of Inca civilization for management in the Andes is the enduring cultural dynamic that continues to shape the region. This combination of in-group collectivism and strong respect for hierarchy forms a top-down cultural value system that can present significant challenges for managers from culturally distant countries with from this region of Latin America (Galen & Gonzalez-Benito, 2006). The second pillar, the hierarchical hub-and-spoke design, also influences the managerial worldview in Andean America. This structural model tends to be highly centralized, yet it integrates individual and group decision-making. Although *chasquis* no longer exist per se in the Andes, the concept of multiple point distribution —along with communication and supply networks— remains prominent in the region. This principle of Inca management tends to be less centralized and, like the hub-and-spoke model, integrates group with individual work. The symbolic approach to accounting and finance embodied in the *quipu* tends to be more individualistic in nature, yet it draws relatively equally from both centralized and decentralized management practices.

Figure 1.*Inca Management Principles and Implications for the 21st-Century Management in Andean America*

To what extent do these principles continue to shape managerial thinking in the Andes today? And are they expected to change as Western values increasingly influence this once-isolated region? Not surprisingly, these pillars of Inca management tend to be strongest in the region of Cusco, Peru with a generally decreasing level of influence the farther one moves from the former Inca capital. However values tend to travel with people, and as the descendants of the Incas migrated to major urban centers —such as Lima, La Paz, Arequipa, and Quito—, the worldviews, traditions, and beliefs also spread. Future researchers may elect to conduct field or survey research to develop formal measures on these constructs. These principles are still present in northern Chile, northeast Argentina and southern Colombia; however, in Ecuador, Bolivia and Peru, a recent surge of nationalism has led many people to once again embrace traditional values and heritage across various sectors of society. Westernization and globalization have certainly reached the Andes, and their impact on the indigenous values in this region of South America has been mixed. Nevertheless, it appears that two cultural trajectories coexist in Andean America: one embracing cultural convergence —the incorporation of foreign ideas into daily life—, and another group resisting such change by seeking to preserve traditional ways of thinking and behaving, in line with cultural divergence.

6. DISCUSSION AND CONCLUSIONS

This paper has identified four pillars of Inca management in an effort to shed light on the worldviews and practices that continue to shape Andean South America. The legacy of the Incas clearly endures in the philosophy and spirit of the people who consider themselves descendants of the civilization that once ruled this part of the world. Continued economic progress in Peru —despite recent political unrest from the ousting and arrest of President Pedro Castillo in December 2022 to the resignation of six minister-level officials in April 2024— may be indicative of the resilience and enduring spirit of the Peruvian people. Indeed, indigenous values continue to permeate Andean South America; yet a persistent and divisive question remains: how much progress is too much, and to what extent must cultural

values and traditions be sacrificed in the face of increasing globalization?. Nonetheless, managers operating in Andean America —especially in regions with highly indigenous populations— should be attentive to the cognitive and social processes that have been cultivated and embraced, contributing to a contemporary revival of Inca values. The presence of these values within the fabric of Andean cultural systems is likely to persist well into the future, as pride, nationalism, and group cohesion remain dominant social priorities.

Are the indigenous management practices of the Incas unique to Andean South America? Although it could be argued that the four Inca management principles discussed in this paper are present in many cultures, their prevalence and distinctive combination in Andean America make this a rare phenomenon. Regarding the hierarchical hub-and-spoke design, certain aspects of this organizational structure —such as the steep hierarchical reporting component— have been observed in other societies, such as the Romans, and in organizations like most military branches worldwide. However, the Inca version of the hub-and-spoke model —with variable strategic emphasis placed on specific sectors and a deeply embedded hierarchical structure—appears to be uniquely Andean and certainly a byproduct of Inca governance.

When making generalizations about the people and practices of any world region, it is important to recognize subcultural differences (Schwartz, 1990). This caveat certainly applies to Andean America. It is extremely difficult —if not impossible—, to conceptually isolate the direct impact of Inca values on the cultural and organizational practices that are commonplace in the Andes today. It is important to reiterate that the six countries examined in the paper display a number of significant differences. First, the influence of Inca civilization varied substantially across these nations —Peru and Bolivia were most heavily influenced, followed by Ecuador, and, to a lesser extent, Colombia, Chile, and Argentina. Second, of immigration patterns have shaped distinct national cultures over time. While Colombia, Peru, Bolivia and Ecuador historically received primarily Spanish immigrants, Chile and Argentina experienced a larger percentages of immigration from other parts of Europe —particularly Italy, England, Germany, and the former Yugoslavia. Third, the degree to which indigenous peoples and values continue to thrive varies significantly across these nations. Although Bolivia has the highest percentage of indigenous peoples, they are primarily from the Aymara culture —once under Inca rule— whose language and worldview differ culturally from those of the Quechua. Colombia, for example, has a significant Afro-Colombian population along the northern coast whose cultural values align more closely with those of the Caribbean than with Inca traditions. Nonetheless, the sphere of influence of the Inca legacy extends across all these nations, though its strength varies depending on the country and the specific sector within it.

Additional limitations related to the conceptualization of Inca management principles must also be acknowledged. As mentioned earlier, the Inca Empire was essentially the apex of two thousand years of preceding civilizations that ebbed and flowed throughout the Andes. Many of the rituals and values of the Incas were influenced by the traditions of earlier societies. Therefore, it is difficult to fully isolate the specific influence of the Inca Empire on the four principles outlined in this paper. Moreover, the foreign influences that have entered South America since the Spanish Conquest have also played a considerable role in shaping the indigenous worldview and beliefs about effective organizational management.

Several implications for management in Andean America can be drawn from the conceptual mapping of dominant indigenous values in the region. First, multinational firms planning to operate in the Andes would benefit from evaluating their marketing and sales strategies,

as well as human resource management policies, prior to entering the region. Adapting certain strategies or policies to incorporate dominant values —such as the Andean form of collectivism— may help maximize efficiency and cooperation. Second, organizations seeking new organic growth techniques to increase production, reduce costs, or improve interdivisional flow may consider drawing on Inca principles as cognitive triggers for innovative thinking. For example, U.S. based firms such as Southwest Airlines could apply techniques inspired by the Inca hub-and-spoke model or chasqui logistics to refine strategies that have already proven effective. And third, managers of firms native to the Andes can use the principles identified above to encourage the embrace of traditional values while exploring management strategies that are both culturally appropriate and resonate with local workers and consumers.

Regarding future research directions, there are numerous opportunities to explore Inca values in greater depth, or to examine other peripheral cultural values in Andean America that have shaped the character and attitudes of the managerial thinking in the region. One possibility is to examine the difference between the traditional values of Quechua and Aymara communities. Another avenue of research is to assess the extent to which non-native values have influenced the development of business mindsets in different Andean nations. Indeed, the impact of immigration patterns and foreign trade partners on local business cultures has been profound, varying widely across the continent. For example, the study of how the cultural values of the Chinese-Peruvian diaspora has been shaped by traditional indigenous Peruvian values would offer valuable insights. Another promising direction would be to study the military strategies employed by the Inca leadership, and how the Inca Empire expanded over time through various conquests (Bauer, 1992; Tzu, 1971). Contrasting this approach with the military expansion strategies of other historical civilizations would likely yield deeper insights into what made the Inca civilization unique. Finally, further investigation into Inca principles —whether by exploring the four pillars identified here in greater depth or by uncovering additional principles—, will undoubtedly yield new insights into how the Inca worldview functioned and what factors contributed to the civilization's rise to greatness.

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