

Doing Business in Peru | Peruvian Social and Business Culture

A Peruvian Culture Overview

Fact File

- **Official name** – Republic of Peru
- **Population** – 28,546,963*
- **Official Language** – Spanish
- **Currency** – Nuevo Sol (PEN)
- **Capital city** – Lima
- **GDP** – purchasing power parity \$238.9 million *
- **GDP Per Capita** – purchasing power parity \$8,400*



A Peruvian Overview

Located at the crossroads of the Pacific Ocean, the Andean Highlands and the Amazon Basin, Peru is a nation whose geography is just as diverse as its population. Peru's unique population is an ethnic melting pot of Spanish heritage mixed with native Amerindian roots. Peruvians are known for their friendliness and hospitality and will make special efforts to make foreigners feel welcomed. Although Peru has endured periods of civil unrest and economic difficulty in recent years, current reforms are making Peru a more stable environment for business endeavours. Having an awareness and appreciation of Peru's unique cultural nuances is an integral part to ensuring successful business ventures in Peru.

Peruvian Culture – Key Concepts and Values

Time- Time in Peru is approached in a very relaxed and flexible manner. Business meetings are often delayed as a result. This approach towards time is often referred to as “*la hora Peruana*” or “Peruvian time”, meaning that some meetings will begin as late as one hour. It is therefore necessary to allow several hours for business meetings in case they do begin late, but as a visitor, always make an effort to be on time even if you end up waiting.

Relationships- Peruvians place a high emphasis on relationship building. Family in particular is a very important concept to Peruvians so they tend to place the needs of family before the needs of the company. As such, people in Peru will also take the time to get to know their business counterparts before making deals.

Religion- Religion plays an important role in the daily life of many Peruvians. Over ninety percent of the population actively participates in the Catholic religion. Many festivals and holidays are centred around Catholic traditions and typically involve cultural dances, music and traditional Peruvian cuisine. Some holidays such as *Alasitas* involve combining traditions of Catholicism mixed in with indigenous beliefs.

Doing Business in Peru

After centuries under Spanish rule, Peru gained independence in the mid-nineteenth century. After a period of political turbulence, Peru is now making progressive steps to reform its current political systems and is experiencing significant economic growth which has given rise to increased confidence in the business sector. Services and manufacturing account for the majority of Peruvian gross domestic product while increased consumption in the private sector has improved terms of trade with foreign partners. As such, Peru's increasing

economic growth and stability makes it a promising location for new business ventures. Understanding Peru's complex economic and social history and culture will give you a competitive edge as you navigate Peruvian business culture.

Peruvian Business Part 1 - Working in the Peru (Pre-departure)

○ **Working practices in Peru**

- Business hours are normally 8am to 6pm Monday to Saturday. People normally take a longer lunch anytime between 1pm and 3pm. Business lunch meetings are also common and are a convenient time to discuss business deals.
- Peruvians have a relatively flexible approach to time so don't be surprised if business meetings or social functions begin late. Keep in mind that business meetings and negotiations often take a long time so you should keep a few hours open for appointments.
- Meetings should be scheduled one month in advance and confirmed the week before. Many Peruvians go on holiday between January and March, so it is wise to schedule business meetings outside of this period. You should also avoid making unannounced business calls as Peruvians do not expect or appreciate this.

○ **Structure and hierarchy in Peruvian companies**

- Business organisations in Peru tend to be hierarchical. Decisions and ideas are often generated at the top so it's important to schedule meetings with high level managers when possible.
- More Peruvian women are beginning to enter the workforce, but the business world is still dominated by men. You may find they are still quite traditional in the way they treat women, but this is rapidly changing.

○ **Working relationships in Peru**

- Business relationships in Peru are based on trust and familiarity. This means personal contacts and networks are important in making business deals. Cultivating friendships will help you be more successful in the business world in Peru.
- Peruvians prefer to knit their private and professional lives together. During the initial stages of your relationship with your Peruvian counterparts, don't be surprised if they ask you things about your family or personal life which you may consider to be private.

Peruvian Business Part 2 - Doing Business in Peru

○ **Business practices**

- Business in Peru is conducted entirely in Spanish. While many Peruvians, especially high level executives, have a working knowledge of English it is wise to bring an interpreter to meetings if you do not have a proficient knowledge of the language.

- Initial introductions in Peruvian business are informal. A handshake is the standard greeting. When the business relationship turns into a close friendship, it is not uncommon to greet with a kiss on the cheek or a hug is the normal greeting and should also be exchanged upon leaving.
 - Business attire is formal and professional but conservative. Men typically wear business suits with ties and women wear suits or dresses.
 - Business negotiations tend to be quite lengthy and it is not uncommon for several business meetings to take place before being able to strike a deal. Peruvians place a great emphasis on building relationships before negotiating a business agreement so be sure to spend the time getting to know them,
- **Business Etiquette (Do's and Don'ts)**
- ✓ DO address your Peruvian business colleagues with the appropriate title. If you are unsure of the exact title, it is important to use "Señor" or "Señora" followed by his or her father's surname, as opposed to using the entire name. Only use first names once invited to do so.
 - ✓ DO print business cards in Spanish but have the reverse side translated in English. Although some Peruvians have a working knowledge of English, you should never assume this. It is also considered polite business practice to use Spanish when possible.
 - ✓ DO remember to keep your hands on the table during dinner functions. It is considered bad manners to place your hands in your lap while dining.
 - ✗ DON'T bring a set of knives as a gift or any gift that comes in odd numbers to your Peruvian counterparts. Knives symbolise the severing of friendship and odd numbers are considered bad luck.
 - ✗ DON'T be offended or surprised if your Peruvian colleague is in your personal space. Many Latin American cultures use a closer physical proximity than other Western cultures as a way of communicating with one another.
 - ✗ DON'T use your index finger to beckon someone to come closer as this is considered rude. It is more polite to turn your palm downwards while using all fingers in a sweeping motion towards yourself.

Peru Culture Quiz – True or False

1. It is acceptable to discuss anything with Peruvians as they are very open-minded and will discuss anything.
2. It is acceptable to arrive late since it is common for Peruvians to begin meetings late.
3. Peruvians tend to place the individual before the company.
4. You should stand when being introduced to someone or when someone enters a room.
5. Peruvians will appreciate it if you show you know a little about the politics of their country

Culture Quiz - Answers

1. False. There are certain topics that remain quite sensitive to Peruvians such as their political past, guerrillas, terrorism and the Catholic Church.
2. False. It is never acceptable to arrive late even if your Peruvian counterpart does not arrive on time.
3. True.
4. False. While Peruvians will appreciate it if you show you know about their culture and traditions, they will avoid conversations around politics so don't bring this up.

* Source: CIA World Factbook 2008

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