

## Doing Business in Costa Rica | Costa Rican Social and Business Culture

### A Costa Rican Culture Overview

#### Fact File

- **Official name** – Republic of Costa Rica
- **Population** – 4.6 million\*
- **Official Languages** – Spanish (official), English
- **Currency** – Costa Rican colon
- **Capital city** – San Jose
- **GDP** –\$51.17 billion (2010 est.)\*\*
- **GDP Per Capita** –\$11,300 (2010 est.)\*\*



#### Overview

Costa Rica is located between the Caribbean Sea and the North Pacific Ocean bordering Nicaragua to the north and Panama in the south. Costa Rica gained independence from Spain in 1821 and has since remained one of the most stable and developed countries in the region with its citizens benefiting from a relatively high standard of living and one of the highest levels of life expectancy in the western hemisphere. Sometimes described as the ‘Switzerland of Central America’, Costa Rica has a relatively peaceful history and has not had an army since 1949. Understanding Costa Rica’s rich natural and cultural diversity is essential for anyone doing business in Costa Rica.

#### Costa Rican Culture - Key Concepts and Values

**Relationships** – Personal relationships are very important to Costa Ricans with the family at the centre of life. Gestures of affection are often displayed towards friends and people also like to foster a more personal atmosphere with colleagues.

**Time** – Costa Ricans tend to approach time in a flexible manner and sometimes arrive late to appointments. Delays are common but within a professional business context however punctuality and deadlines tend to be respected, especially when dealing with foreigners.

**Quedar Bien** – this phrase literally means to ‘stay on good terms’ and is a central value for Costa Ricans. They do their best to maintain a relaxed and harmonious atmosphere and always endeavour to avoid conflict – even if this means making promises they cannot keep.

**Intercontinental Mix** – Due to Costa Rica’s location between North and South America, Costa Ricans tend to be influenced by a mix of cultures with many locals speaking excellent English. There are also significant influences from other ethnic groups which creates a basis for a tolerant mindset and the value of others’ opinions.

## Doing Business in Costa Rica

Costa Rica's economy was traditionally dependent on agricultural exports such as coffee, bananas and beef but the development of technology goods and services in the 1990s enabled the economy to grow and diversify. Tourism is the country's largest source of foreign exchange as its ideal climate and biodiversity make it one of the most visited places in the world and explains its successful position in the tourist sector. While Costa Rica offers the foreign investor an excellent location together with a highly educated work force, challenges with bureaucracy and lack of investor protection remain and foreign businesses and employees would benefit from an in-depth understanding of Costa Rican social and business culture.

### Costa Rica Business Part 1 - Working in Costa Rica (Pre-departure)

- **Working practices in Costa Rica**
  - Arriving on time in business situations is important as punctuality tends to be respected. Costa Ricans are said to be the most punctual people in Central America.
  - Titles are very important. If in doubt it is best to address possible business partners with their professional title followed by their surname.
  - Be aware that negotiations can take some time in Costa Rica as decisions are made through group consensus and can be lengthy.
  - Business cards and other working documents should ideally be translated into Spanish. However, many Costa Ricans also speak very good English.
- **Structure and hierarchy in Costa Rican companies**
  - Social status and hierarchy are not as important as they are in other Latin countries as Costa Ricans believe in equality and democracy. Women are also seen as equal within the business world.
  - Though women have increasingly entered the workforce and now occupy high positions in politics and the economy. However, it is still uncommon to see a woman doing dirty or physical labour.
- **Working relationships in Costa Rica**
  - Costa Ricans like to establish personal relationships with business counterparts and engage in informal conversation before discussing business matters. Unlike other Latin cultures it is fine to discuss politics in business meetings when the subject is brought up.
  - When doing business, people in Costa Rica tend to achieve diplomatic negotiation and like to be co-operative in their business contexts. Pushy or impatient behaviour or a hard-line approach are therefore unlikely to be successful.

## Costa Rica Business Part 2 - Doing Business in Costa Rica

### ○ Business practices in Costa Rica

- When meeting business partners in Costa Rica the usual personal space is at about an arm's length. This often decreases as the relationship develops.
- A handshake and eye contact is the standard form of greeting. It might sometimes be accompanied by a light touch on the arm. Women might also give a kiss on the cheek when the relationship is a more intimate one.
- Remember that Spanish has formal and informal versions of you. *Usted* is used very broadly and the plural version *ustedes* is used to show more respect to someone older or more senior. *Vos* is used with friends or close colleagues.
- Use Don or Doña before an older person's first name to show respect, e.g. Don Miguel.
- Business cards are commonly used and exchanged when meeting business partners for the first time. It is a good idea to have them printed on both sides with information in Spanish and English showing the Spanish side up.
- Dress code in Costa Rican business culture as in many other western countries is formal and conservative. Men typically wear dark suits and ties while suits or dresses are considered appropriate for women. However women's clothing should not be too revealing.
- People in Costa Rica are known for their open expression of feelings and affection. However they also share a great sense of honour and would refrain from saying anything disrespectful in public.

### Costa Rican Business Etiquette (Do's and Don'ts)

- ✓ DO participate in social events to improve relations with colleagues from Costa Rica.
- ✓ DO make eye contact when conversing. It shows interest in the subject and creates an atmosphere of trust.
- ✓ DO allow your host to start any small talk conversation when meeting new business partners.
- ✗ DON'T drink in public as this might be considered as impolite and lower your credibility as a person.
- ✗ DON'T point your index finger as this considered rude and vulgar. Use your full hand to indicate.
- ✗ DON'T be too pushy or aggressive when conversing with Costa Ricans as a here prefer a indirect communication style is preferred.

### **Costa Rica Culture Quiz - True or False**

1. It is acceptable to arrive late to meetings.
2. If you are dissatisfied with a colleague it is acceptable to voice your criticism immediately.
3. Costa Ricans like to be asked about their family, country and history when conversing.
4. People in Costa Rica are very silent and reserved when meeting strangers.
5. When accepting a dinner invitation at a colleagues house it is acceptable to bring flowers like roses or chocolate.

### **Costa Rica Culture Quiz - Answers**

1. False. Despite common stereotypes about Central American punctuality, it is respected in a business context, especially for lunch breaks.
2. False. Criticism should never be vocalised in public. Instead take the person aside to speak in private.
3. True. Talking about their family or beautiful countryside gives great pride to the people here.
4. False. Due to the many different cultural influences Costa Ricans are usually open and friendly towards foreigners and make and do not hesitate to approach them.
5. True. However it is not acceptable to bring calla lilies as they are associated with funerals.

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\* Source: (UN, 2010)

\*\* Source: CIA World Factbook 2011

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