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Acushla M. Felix
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THESIS

**ISSUES FACED IN THE POST-TSUNAMI RECOVERY OF
SMALL AND MEDIUM TOURISM ENTERPRISES
IN GALLE DISTRICT, SRI LANKA:
AN EXPLORATORY STUDY**

This thesis is presented in partial fulfilment of the award of an Honours Degree

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November 2005

USE OF THESIS

The Use of Thesis statement is not included in this version of the thesis.

ABSTRACT

This study identifies the issues faced in the post-tsunami recovery of the tourism industry by Small and Medium Tourism Enterprises in the Galle District of Sri Lanka. Similar to many other countries, Small and Medium Tourism Enterprises form a significant proportion of the Sri Lanka Tourism Industry. However, the significance of this sector of the industry was apparent only subsequent to the tsunami. While Small and Medium Tourism Enterprises account for a diverse range of businesses providing products or services for tourist consumption, this study includes only three such categories, namely; hospitality enterprises; souvenir providers and nature-based enterprises. Further, this study also attempts to identify the views of the Small and Medium Tourism Enterprises on the medium to long-term management of their business recovery.

Data collection for the purpose of this study was in Sri Lanka over a period of one month, which was approximately eight months after the Boxing Day tsunami 2004. At the time, many of the participants in this study were still in the process of rebuilding their respective businesses. In view of the exploratory nature of the study and the limited time frame, a semi-structured, in-depth interview of 30 – 45 minutes' duration was the data collection method utilised. The areas addressed in the interviews were the pre-tsunami business environment; consequences of the tsunami; resumption of business and future considerations. Coding and matrices were utilised for the data analysis thus enabling the identification of relationships among the themes.

The findings, which are study specific, indicate that the most pressing issue faced by these Small and Medium Tourism Enterprises is a lack of financial resources. Other issues identified were that the enterprise structure also influenced the business recovery. In addition, issues relating to the extent of collaboration with other

stakeholders and the competitive environment influenced the business recovery over both the medium to long-term. Further, post-tsunami government policies and regulations had a significant impact on the avenues of assistance available to these Small and Medium Tourism Enterprises business recovery. While other sources of assistance such as Non-Governmental Organisations and private assistance were available, a lack of co-ordination between these organisations and the government or a lack of knowledge of the sources of assistance also influenced the recovery. Other issues identified were the efficiency and adequacy of the assistance provided from government sources. While these enterprises included both the formal and informal sectors of the tourism industry, no distinctive difference was visible in the assistance provided or available to these enterprises. Findings relating to the long-term management of the business recovery indicated that, while many participants were inclined to take some form of precautionary measure, they did not find relocating as a viable option. Findings further indicated that crisis management strategies implemented by the government had mixed reactions with some enterprises continuing to rebuild the business within the identified buffer zone. The apparent lack of political consensus on the buffer zone issue between the government and main opposition party may have contributed to this.

DECLARATION

I certify that this thesis does not, to the best of my knowledge and belief:

- (i) incorporate without acknowledgment any material previously submitted for a degree or diploma in any institution of higher education.
- (ii) contain any material previously published or written by another person except where due reference is made in the text; or
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CHAPTER ONE

INTRODUCTION

In recent years, the vulnerability of tourism stakeholders and the tourism industry as a whole to various external influences such as natural disasters have gained prominence in both the academic and political arenas. Firstly, the very nature of the industry and the implications of its development on its internal and external environments have been the cause of much debate (Gunn, 1994; Leiper, 1979, 1995; Mill & Morrison, 1985). Secondly, the increasing number of small and medium sized enterprises and family run businesses operating within the tourism sector have contributed to this interest due to the very characteristics of these enterprises and the unique issues that have emerged as a result (Buhalis, 2003; Ioannides & Debbage, 1998a; Thomas, 2000; Wanhill, 2000). Thirdly, the interest in crisis management in tourism is gaining prominence due to recent human induced or natural crises that have affected this industry and the resultant negative destination / product image generated by the unprecedented media coverage given to such events (Beirman, 2002; Faulkner, 2001; Glaesser, 2003). Finally, an important contributory factor for its prominence is that advances in technology, increased discretionary income and changing lifestyles have made tourism a popular and accessible leisure activity to a vast majority of people from many developed countries (Mill & Morrison, 1985).

While the debate on the suitability of the definitions and emergent models of this phenomenon continue, tourism has continued to grow on a global scale (Leiper, 1979; Smith, 1998). This growth has resulted in significant contributions to the global economy, thus attracting the attention of governments to the benefits and costs of this industry. At a destination level, tourism has been championed as a method of developing the local economy (Durberry, 2004; Kweka, Morrissey, & Blake, 2003), creating employment opportunities (Reeder & Brown, 2005; Vanegas Sr & Croes, 2003), facilitating destination and community development (de Beer & Marais, 2005)

and enhancing cross cultural understanding (J. Day, Skidmore, & Koller, 2002). While many developing nations extol these virtues of tourism to further its development, the environmental implications of unplanned and haphazard tourism developments have raised issues of sustainability (Honey, 2003). Similarly, the growth of Small and Medium Tourism Enterprises (SMTEs) on a global scale has not gone unnoticed on the governmental level in both developed and developing nations.

While SMTEs have shown unprecedented growth in recent years, the inherent characteristics and diversity of this sector warrant focus from both an economic and sustainability context (Horobin & Long, 1996; Ioannides & Debbage, 1998a). Despite the growth of this sector, the definition and significance given to these enterprises vary across nations. The popularity of family-run business as a lifestyle change has also contributed to the growth of SMTEs (Getz, Carlsen & Morrison, 2004). Due to the very nature of such enterprises and the limited resources available to them, they are characterised by a high failure rate (Wanhill, 2000). Another contributor to the high failure rate is the lack of formal education and experience of the owners. Many of these enterprises survive independently and collaboration with other stakeholders is limited. Further, due to the size and fragmentation of these enterprises, SMTEs exert very little influence on the planning and development of a destination. However, while the economic contributions of these enterprises are beneficial, their diversity and fragmentation require careful consideration in tourism destination planning and development (Getz & Carlsen, 2000). Yet, despite the recent significance and growth, knowledge about the influences and impacts from and on the SMTE sector are limited. This lack of knowledge is more pronounced in crisis situations, such as those affecting the tourism industry in recent years.

The tourism industry as a whole is perhaps experiencing one of the most trying times in terms of crisis management with the increased incidence of both natural and human induced disasters. However, a question arises whether the incidents of disasters and crises have increased or whether technology has contributed to a greater

awareness of such incidents. Yet, regardless of this, technological advances have contributed to the crises in the tourism industry due to the wide coverage such events gain in the mass media. At the same time, the disaster itself can have a great impact on a destination. As such, crisis management is an issue that has become part and parcel of the tourism industry, particularly in view of the fact that tourism is an intangible product and the tourist experience is of paramount importance for a healthy tourism industry. Consequently, the Boxing Day tsunami 2004, which occurred in the Indian Ocean and affected several developing nations in Asia, provides an apt though very tragic example of the vulnerability of the tourism industry to natural disasters. Its impact on Sri Lanka's tourism industry further highlights the implications of such a disaster on the very characteristics that have gained this industry prominence in the academic and political fields.

1.1 Background to the Study

1.1.1 Sri Lanka's Tourism Industry

The Ministry of Tourism (MoT), the legislative and regulatory body of Sri Lanka's tourism industry, performs its regulatory activities through the Sri Lanka Tourist Board (SLTB), which is an agency of this ministry. In this capacity, the SLTB is responsible for licensing and registration of tourism products such as hotels and restaurants, human resource development activities such as training chauffeur guides and guide lecturers, and international marketing and promotion of the destination (MoT Official, pers. com.). International marketing and promotion activities are conducted in partnership with the private sector tourism organisations, which form the majority of the tourism industry in the country. In addition, marketing and promotion activities are also carried out by three overseas offices of the SLTB as well as appointed agencies in other countries.

Although the licensing and registration of tourism enterprises is the responsibility of the SLTB, this has not been a compulsory requirement for all tourism related enterprises. Since planning, building, and conservation regulations and legislation are implemented by several other ministries or agencies many small and medium size enterprises have operated, to a great extent, independent of the tourism authorities. Therefore, the significant proportion of these enterprises in the tourism sector was largely unnoticed (MoT Official, pers. com.). As a result very little is known about the range, diversity, or characteristics of this sector of the tourism industry in Sri Lanka. Therefore, single owner operators, family-run businesses, and individuals providing tourism related services are categorised as SMTEs; making this a large and complex sector of the tourism industry (Sri Lanka Tourist Board, 2004).

Despite the benefit of recognition gained through registration with the SLTB, many of these enterprises have not found it necessary to do so as they have been able to operate profitably until the tsunami. In spite of a lack of formal education, some of these operators with skills in traditional craft have utilised the opportunities that the tourism industry offers, while some others have a keen business sense, enabling them to successfully carry on a business. The range and variety of SMTEs increase with the continued development of a tourist destination. As such, a significant number of such enterprises were located in the Galle district, which was the most developed coastal region in terms of tourism (prior to December 2004).

The Sri Lanka Tourist Board categorises the country into six resort regions (shown in Figure 1.1) of which the South Coast Region includes the districts of Kalutara, Galle, Matara and Hambantota. Approximately 40% of the total SLTB registered hotels were located within the South Coast Region (Sri Lanka Tourist Board, 2005b). Of these four districts, Galle district had the largest number of hotels accounting for approximately 55.4% of the hotels in the South Coast Region (refer Appendix I).

Over the past years, Sri Lanka has gained global media attention as a result of the prolonged ethnic crisis in the Northern and Eastern regions of the country. The Sri Lanka tourism industry formally established in the 1960's (Crick, 1994; Lea, 1988), has been resilient to this and has continued to grow though at a sub-optimal pace (Sri Lanka Tourist Board, 2004). The comparatively lower accommodation capacity in the Northern and Eastern regions, as shown in Figure 1.2 (refer Appendix II for details), is also indicative of the detrimental impacts of the negative media image resulting from the prolonged conflict in this region (Sri Lanka Tourist Board, 2004, p. 38).

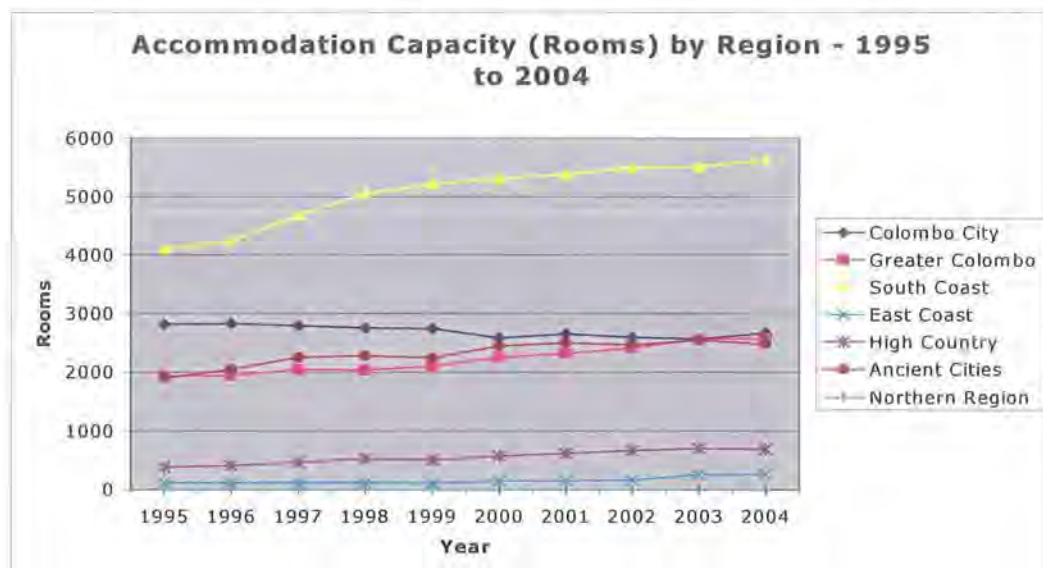


Figure 1.2: Accommodation Capacity (Rooms) by Region - 1995 to 2004 (adapted from Annual Statistical Report of Sri Lanka Tourism 2004)

Unfortunately, the Boxing Day tsunami coincided with the height of the winter tourist season in Sri Lanka and thus the nation was once again in the limelight of the media for a very different but equally negative reason.

Sri Lanka's tourism industry is to a large extent seasonal, with two distinct seasons during which the majority of foreign tourists visit the island (Yacoumis, 1980). The two seasons are also significant to the beach resorts due to the monsoonal rain

patterns in the country. Of these two seasons, the most beneficial for the SMTEs in the South Coast is that which coincides with the North East monsoons and the European Winter (Yacoumis, 1980 p. 88). Though many of these enterprises operate throughout the year, they rely heavily on the income generated during the winter tourist season. The winter tourist season, which extends over a five-month period, begins in October. A comparatively smaller peak in tourist arrivals is also apparent during the months of July and August, which coincides with the '*Kandy Esala Perehera*'. Figure 1.3 below (refer Appendix III), shows the seasonality of arrivals for the five-year period ending December 2004 (Sri Lanka Tourist Board, 2004, p. 19).



Figure 1.3: Seasonality of Tourist Arrivals - 2000 to 2004 (adapted from Annual Statistical Report of Sri Lanka Tourism 2004)

The seasonality of the industry may also be dictated by the main markets on which Sri Lanka has relied on in the past. Western Europe, which has consistently been the main tourist market for Sri Lanka, has however shown a drop of 13% in comparison

to 1999 while the South Asian market has increased by 9.2% over the same period. A similar growth trend is indicated in the same period for Australia though at a comparatively lower rate of 1.2%. Accordingly, 2004 saw both the United Kingdom and Indian markets surpassing the 100,000 arrival mark (Sri Lanka Tourist Board, 2004, p. 9). As such, Sri Lanka is yet heavily reliant on the West European markets for tourism.

Consequently, investments are made by these enterprises based on their performance during the previous season and the political and security environment in the country. For those stakeholders of the Sri Lanka tourism industry the advent of peace in the country was a long awaited dream which brought about new hope for the growth of the industry. With the cessation of hostilities continuing, 2004 was expected to be one of the most successful years in terms of tourism but instead almost three quarters of the coastline was left with a trail of devastation along the Northern, Eastern and Southern coastlines of the island.

1.1.2 Impact of the Tsunami

Although not at the epicentre of the earthquake, Sri Lanka was defenceless against the ensuing tsunamis that ravaged its coastline on Boxing Day 2004. Sri Lanka is an island in the Indian Ocean with a total landmass of 65,610 sq Km and a coastline of 1,330 Km. The tsunami affected 85% or 1,126 Km of the coastline which is equivalent to less than 15% of the entire landmass (Nanayakkara, 2005). Figure 1.4 shows the impact of the tsunami in Sri Lanka, indicating the number of persons affected in each district (Centre for National Operations, 2005).



Figure 1.4: Tsunami affected persons by District - January 27, 2005 (Centre for National Operations, 2005)

The cost of the disaster in terms of human life was reported as 30,974 deaths, 4,698 missing and 553,287 displaced persons (USAID, 2005). Similarly, cost of reconstruction of damaged infrastructure and assets alone was estimated at US\$ 1.8 billion (TAFREN, 2005). In comparison, the emotional and psychological costs to those affected are immeasurable. As many areas affected by this disaster were popular beach destinations, the Sri Lankan Tourism Industry also suffered a major setback with 137 out of the 248 hotels affected as a result (Nanayakkara, 2005). While the tsunami resulted in the death of 107 tourists with a further 65 reported missing in Sri Lanka, most of the 17,000 tourists holidaying in the country at the time opted to return to their native lands (Nanayakkara, 2005).

As the survivors of the tragedy are slowly coming to terms with the cruel hand of fate dealt out to them, many are now facing the arduous task of picking up the pieces and starting their lives again from scratch. For those providing relief and aid to the victims of the tragedy the greater priority is undoubtedly the provision of permanent housing and infrastructure to the large displaced population. Equally important is that necessary means and avenues of assistance are provided to these victims to resume their livelihood and regain their dignity. Since the destruction was limited to the coastal areas of the country, the main industries affected in these areas were fisheries and tourism. However, within the South Coast Region in particular, the main contributor to the economy was the tourism industry (Asian Development Bank, 2005), and as such the rebuilding of this industry is imperative for a healthy economy. Although the North and East coasts suffered the worst damage and loss of life, the greatest damage to the tourism industry *per se* was undoubtedly in the Southern coast of the island.

1.1.3 Galle District

Galle district, which was renowned as a beach destination, extends from Aluthgama in the North to Ahangama in the South along the southern coastal belt (shown in Figure 1.5).



Figure 1.5: Galle District Map (Lanka Map Publishers Private Ltd, n.d.)

The popularity of this district was further enhanced by the living World Heritage Site dating back to the early 16th century, traditional Dutch architecture, folk dancing, devil dancing, mask making, lace making, and religious sites dating as far back as the early 1800s.

Galle district was also the most popular destination in terms of tourism with a total of 52 SLTB registered hotels within this district. Of these 52 hotels, approximately 14 hotels remained closed as at September 2005 due to the extensive damage caused by the tsunami (Sri Lanka Tourist Board, 2005a). Remarkably, the Dutch fortifications, which date back to the 16th century, withstood the onslaught of the tsunami and remained undamaged, while much of the Galle town was destroyed.

Although tourism in Galle has not been a recent development, it was not until this tragic event that the authorities became aware of the significant proportion of informal businesses that depended primarily on tourism (Tourism Ministry Official, pers. com.). Similarly, the number of persons engaged in the tourism industry, in the affected houses, in this district was significantly reduced after the tsunami (refer Appendix IV) (Department of Census and Statistics, 2005). While larger enterprises were compelled to adhere to the government policies when establishing business enterprises, many of the small and medium enterprises were able to set up their businesses with little or no adherence to policies and as such remained unnoticed by the relevant authorities. Numerous reports of loss and damage to SMTEs from the '*informal sector*' have prompted the government to give serious consideration to this sector in the post-tsunami recovery (Tourism Ministry Official, pers. com.).

1.2 Significance of the Study

Researchers of the tourism phenomenon argue that tourism is best considered as a system due to the many interrelationships and interdependencies that characterise it (Gunn, 1994; Hall, 2003; Leiper, 1979, 1995; Mill & Morrison, 1985). While several

system frameworks have been developed with emphasis on different aspects such as marketing or planning (Gunn, 1994; Hall, 2003; Mill & Morrison, 1985), no single framework has received universal consensus. Despite the different approaches taken to explain tourism, it is widely accepted that external factors such as natural disasters and health scares can impact the tourism system (Faulkner, 2001; Glaesser, 2003; Hall, 2003; Henderson, 2003; Leiper, 1979, 1995; McKercher & Chon, 2004). Similarly, the use of the systems approach enables the identification of stakeholders and internal factors that can influence the system. As such, the growing proportion of SMTEs within the global tourism industry and their significance in an economic context have influenced the focus of research in recent years (Buhalis, 1998; Collins, Buhalis, & Peters, 2003; Ioannides & Debbage, 1998a; Thomas, 2000; Wanhill, 2000). However, the diversity and fragmentation of these enterprises has caused much difficulty in terms of planning and development of tourist destinations. Consequently, several approaches to the management of these stakeholders have been suggested, with research also focusing on the balance of power between the stakeholders (Gunn, 1994; Hall, 2000; Sautter & Leisen, 1999). Nevertheless, the perspective of SMTEs in terms of the Asian tourism industry and the Sri Lanka tourism industry in particular has to a large extent been ignored in tourism research.

In terms of the Sri Lankan tourism industry, research has been dominated by its turbulent past, with emphasis on the appeal of the destination in view of the prolonged ethnic conflict (Beirman, 2003; O'Hare & Barrett, 1993a). Despite the research carried out by non-governmental organisations on the small and medium enterprises in Sri Lanka and the projects carried out for the development of these enterprises (ILO, 2005), there is a noticeable lack of research specifically addressing the small and medium enterprises in the tourism sector. While reference has been made to the importance of SMTEs to the rebuilding of the nation's tourism industry in the aftermath of the Boxing Day tsunami (ILO, 2005; Ramanujam, 2005), the contributions of the SMTEs to the Sri Lankan tourism industry have not been the emphasis of much research in the past.

In comparison to the key players in the industry, SMTEs are further disadvantaged due to the lack of resources and finances that can be utilised for disaster recovery. As many of these tend to be family owned and operated businesses, they are more vulnerable to events such as the Boxing Day tsunami. It is imperative that in order to ensure a healthy tourism industry, adequate assistance and crisis management measures are adopted to minimise the impact of any future disasters on business and industry. While the widespread damage caused by the Boxing Day tsunami and the consequences to the tourism industry at large will no doubt be a focus of future research, this study focuses on the rebuilding of the Sri Lanka tourism industry, with particular emphasis on the issues faced by the SMTEs during this process. In view of the contributions made by the tourism industry to the national economy, the identification of these issues would be invaluable to this rebuilding process. Further, in view of the importance of the SMTEs to the tourism industry, this study will enable the identification of suitable crisis management methods for the tourism industry and the long-term economic sustainability of the SMTEs of Sri Lanka.

Research on the impact of disasters on the tourism industry have predominantly focused on the impacts to a destination or region as a whole rather than at an individual organisational level (Anaman & Looi, 2000; Beirman, 2002, 2003; Faulkner & Vikulov, 2001; Henderson, 2003; Huan, Beaman, & Shelby, 2004b; McKercher & Chon, 2004). While the actual disaster cannot be controlled by the tourism industry, crisis management procedures can significantly reduce the extent of the damage caused to the industry (de Sausmarez, 2004; Faulkner, 2001; Glaesser, 2003). Crisis management models have emphasised procedures for destination marketing organisations and other key players in the tourism industry (Beirman, 2002; Fall, 2004; Faulkner, 2001; Glaesser, 2003). Since the success of a destination is determined by the total experience of the tourist, SMTEs play a crucial role in the final tourism product. Despite this, there is a lack of research that addresses the suitability of disaster recovery and crisis management policies for the long-term sustainability of SMTEs.

While small and medium enterprises collectively have a significant influence on both the political and economic environments of a country, the SMTEs have a large impact on the tourism industry at the global, national and local levels. As this study focuses on the SMTEs as stakeholders of the tourism system, the findings of this study will further enhance the understanding of this sector of the tourism system and the needs of SMTEs, enabling these considerations to be incorporated into planning, development and management of the tourism destinations. Since the complexities of disaster recovery and crisis management from the perspective of the SMTEs are the focal point of this study, the findings will enhance the development of crisis management and disaster recovery procedures suitable for SMTEs.

Therefore, in view of the growing emphasis placed on the development and promotion of small and medium enterprises and the significance of tourism in the global context, this study will further enhance the knowledge of an important sector of the tourism system and the Sri Lanka tourist industry in particular. Additionally, the findings will enable the development of crisis management procedures better suited to meet the needs of SMTEs. For the purpose of this study, an enterprise that provides goods and services or products wholly or mainly for the consumption of tourists, which may be a single owner operator, family business or an enterprise employing more than 1 but less than 100 full-time employees, is identified as a SMTE (refer *Glossary of Terms* for definitions of other relevant terms).

1.3 Aim of the Study

As identified above, SMTEs form a significant sector of the tourism industry. Yet, very little is known about the SMTEs in the Sri Lanka tourism industry. In view of this and the effect of the tsunami on the tourism industry, this study aims to identify the issues faced by the SMTEs in their attempt to resume business in the post-tsunami tourism industry of Sri Lanka. Further, given the importance of SMTEs to the local

economy, this study attempts to ascertain the views of the SMTEs on the management of this recovery over the medium to long-term.

1.4 Chapter Summary

This chapter, which was the introduction to this study, provided some background to the location in which the study was conducted. The chapter, which also emphasised the significance of the study, identified the lack of research on disaster recovery of SMTEs in general and the lack of research and knowledge on the SMTEs in Sri Lanka in particular. The following chapter provides a review of academic literature, with emphasis given to identifying gaps in the literature.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

The literature review conducted for the purpose of this research incorporates a range of academic literature addressing several areas of study. Notably, literature addressing the impact of the tsunami on the tourism industry is limited due to the short time frame since the disaster. The large body of literature on all other aspects of tourism necessitated the review to be limited to areas considered most relevant to this study.

Consequently, the literature is discussed under several headings which are: Small and medium enterprises and tourism; The tourism phenomenon; Stakeholders of tourism supply; The tourism industry; Government and tourism; Natural resources and community support; Natural disasters and tsunamis; Crisis management and disaster recovery; and Sri Lanka's tourism industry. The chapter concludes with a summary of the literature, identifying the gaps in the literature.

2.2 Small and Medium Enterprises and Tourism

Despite the relative significance given to research on small and medium enterprises, the definition of these enterprises has tended to be study specific with a variety of definitions used to suit each study (Thomas, 2000). In view of the large number of small and medium enterprises within the European tourism industry and in an attempt to enable comparisons across countries in the European Commission (EC), the EC has adopted a common definition based on employee numbers, which is gaining general acceptance (O'Regan & Ghobadian, 2002; Schlogl, 2004; Thomas, 2000). Characteristics that differentiate small firms from large firms as identified by Getz

and Carlsen (2000), Peters and Buhalis (2004), and Dewhurst and Burns (1993 cited in Thomas, 2000, p. 347) are the differing notions of uncertainty and approaches to innovation, increased likelihood of change in small businesses, restricted strategic options due to financial constraints and a distinctive manner of operations due to a lack of specialised management. A study carried out subsequent to the Asian economic crisis on small and medium enterprises in Hong Kong identified a lack of or poor human resource planning in these enterprises (Chu & Siu, 2001). Similarly, studies focusing on strategic planning among SMTEs have found that these organisations lack the formal planning approach exhibited by larger organisations due to the size of the business and a lack of training or expertise among the owners (Getz & Carlsen, 2000; Getz et al., 2004; O'Regan & Ghobadian, 2002; Peters & Buhalis, 2004). Research carried out into the use of information technology among SMTEs indicates that this is considered as a method of cost effective promotion on a global scale that is otherwise not affordable for such organisations (Buhalis, 2003; Clarke, 2005). However, the use of information technology among SMTEs is not as proliferate as would be expected due to a lack of knowledge and training in the use of such technology (Buhalis, 1998; Collins et al., 2003; Getz et al., 2004).

The interest in the development of SMTEs is due to the economic contributions made by these organisations to a destinations economy (Ioannides & Debbage, 1998b; Wanhill, 2000). SMTEs are considered beneficial to the economy due to the higher multiplier effect and lower import leakages when compared to larger industrial scale enterprises but they are also known for their high failure rate (Wanhill, 2000). Wanhill (2000, p. 144) argues that the promotion of SMTEs is beneficial to the community and tourism industry as it is a means of creating jobs as well as partnership intervention among organisations within the tourism industry. Conversely, consideration of SMTEs as homogeneous is arguable due to the profit motivation extent on the individual enterprises (Horobin & Long, 1996). While observing that most research so far on small tourism enterprises has focused on hotel and restaurant businesses, Thomas (2000, p. 349) argues that a distinction should be

made between small tourism firms and other larger tourism firms for analytical purposes.

Research indicates that policy development can benefit from the results of research conducted on SMTEs (Thomas, 2000). Similarly, Getz and Carlsen (2000, p. 559) observe that the characteristics and goals of small family and owner-operated businesses are important to business development and destination planning. The different goals and objectives of the small family and owner-operated businesses raise a question of continuity and standardisation of service quality among these rural tourism and hospitality enterprises (Peters & Buhalis, 2004; Getz & Carlsen, 2000). Yet, from a business management perspective, Getz, Carlson and Morrison (2004, p. 2) argue that ownership of an enterprise is a significant factor that warrants consideration and therefore owner-operated and family-owned businesses should be recognised as a category unto themselves. While the diversity of SMTEs further complicate the planning and development of tourism, the study conducted by Horobin and Long (1996), found that:

...many small tourism business owners recognized the importance of sustainable tourism development but do not necessarily identify a central role for themselves in its implementation. (pp. 18 –19)

Horobin and Long (1996) further suggest that focusing on the profitability of sustainable strategies may have a positive influence on the small tourism businesses. Though SMTEs are recognised as a growing proportion of the tourism industry, the industry also includes several other stakeholders. The identification of these stakeholders depends on the perspective in which the tourism phenomenon is viewed.

2.3 The Tourism Phenomenon

The recognition of tourism has grown as a result of its global economic significance (Pender, 2005). The unprecedented growth of the tourism phenomenon and its wide-ranging implications has necessitated a greater understanding and study (Hall, 2003; Leiper, 1995). There is wide acceptance that tourism is a combination of several interconnected and interdependent industries that together provide the tourism product (Gunn, 1994; Hall, 2000; Leiper, 1979, 1995; Mill & Morrison, 1985; Pender, 2005). Equally accepted is that tourism is a multidisciplinary phenomenon (Burns, 2004; Gunn, 1994; Hall, 2000; Leiper, 1979; Weaver & Lawton, 2002). The interdependencies and interrelationships that exist between business, non-profit and government sectors influence tourism planning and development concerns (Gunn, 1994; Hall, 2000).

While the inherent complexities of this phenomenon are observed in the lack of a universally accepted definition (Burns, 2004; Hall, 2000; Weaver & Lawton, 2002), attempts at defining tourism have been further hampered by the lack of consensus on the definition of the tourist (Leiper, 1979, 1995; Pender, 2005). The attempt to define tourism in terms of the tourist has also been cited as a cause for difficulties encountered with the definition of this phenomenon (Debbage & Daniels, 1998; Smith, 1998). In view of the growing significance of tourism and the need to study and understand its implications several frameworks have been developed portraying tourism as a system (Burns, 2004; Farrell & Twining-Ward, 2004; Gunn, 1994; Hall, 2003; Leiper, 1979, 1995; Mill & Morrison, 1985).

The frameworks developed emphasise the different viewpoints of the developers and as observed by Hall (2000, p. 51):

...the concept of a tourism system can be conceptualised in a number of ways. Yet each of these may be regarded as appropriate in terms of the various emphases they give to the study of tourism.

Criticised for its inadequate description of the '*nature and degree of influence*' exerted by the broader environment on the social and geographical elements (Carlsen, 1999, p. 322), Leiper's (1979) framework developed using general systems theory portrays tourism from a more holistic approach enabling in-depth study from the perspective of each component. Several other frameworks portray tourism from a marketing perspective, focusing on the demand and supply aspects of tourism (Gunn, 1994; Mill & Morrison, 1985) or the tourist experience and tourist destination (Hall, 2003; Laws & Le Pelley, 2000) or an anthropological perspective (Burns, 2004). Farrell and Twinning-Ward (2004) advocate that the tourism system should go beyond the '*core system*' to encompass the multiple levels of the interrelated hierarchical framework. In comparison, Hall's (2003) '*Tourism Market System*' has a predominantly marketing emphasis and identifies a supply and demand component of the tourism system with the tourist experience as the central focus of this model. This model identifies the tourism industry, government and resources as elements in the supply side of the tourism system.

2.4 Stakeholders of Tourism Supply

Although the system approach enables the identification of stakeholders some difficulties arise in identifying all stakeholders within a tourism system, which provides many challenges with the planning and development of tourism ventures (Gunn, 1994; Hall, 2000; Sautter & Leisen, 1999). Stakeholders can also be identified by the extent to which they can influence the political arena of a destination (Cook & Barry, 1993; Thomas, 2000) by encouraging or objecting to legislative policies suggested or adapted for the development of tourism (Bramwell & Sharman, 1999; Grant, 2004).

The identification of stakeholders within the tourism supply is dependent on the framework or context in which tourism is defined (Buhalis, 2003; Hall, 2000, 2003; Leiper, 1979, 1995; Mill & Morrison, 1985; Weaver & Lawton, 2002). Consequently, the identification of stakeholders is further complicated by the proliferation of information technology (Buhalis, 2003). Although the tourist is a stakeholder (Leiper, 1979, 1995), the predominant focus of research referring to stakeholders is on sustainable tourism, planning and development issues (Farrell & Twining-Ward, 2004; Gunn, 1994; Hall, 2000, 2003; Hardy, Beeton, & Pearson, 2002).

2.5 The Tourism Industry

Initially noticed for its economic significance the term '*tourism industry*' is a relatively recent form of reference to this phenomenon (Leiper, 1995, p. 17). While commonly referred to as the tourism industry, however, it is argued that tourism does not show the characteristics of an industry in the conventional sense (Debbage & Daniels, 1998). Referring to the use of the term '*Tourism industry*' it has been argued that:

The term [tourism industry] is a convenient way of referring to a large and fragmented collection of firms producing commodities that support the activities of people temporarily away from their usual environment. (Smith, 1998, p.32)

This view is identifiable in Hall's (2003) model, which identifies several diverse private sector enterprises as the tourism industry. However, the highly fragmented nature and divergent interests of the stakeholders within the supply side of tourism alone creates challenges in the planning and development of tourism (Hall, 2000; Gunn, 1994). The following observation by Smith (1998) refers to these difficulties from a marketing perspective:

Firms involved in tourism tend to view each other as competitors rather than as partners or allies. ... It is rare to find integrated, industry-wide, cooperative marketing strategies, with a commitment to sharing data and research, and a willingness to work together on industry-wide challenges.(p. 33)

Sautter and Leisen (1999) advocate the need for tourism managers to take a more proactive stance and suggest that the stakeholder theory provides a conceptual framework that can be used for this purpose. While stakeholder theory is considered as a management tool (Hardy & Beeton, 2001), the identification of stakeholders and the varying degrees of influence exerted by them (Bramwell & Sharman, 1999; Friedman & Miles, 2002; Hall, 2000; Ryan & Huyton, 2002), are important to ensure the success of any tourism venture or policy (Sautter & Leisen, 1999).

It is argued that the weakness, in both stakeholder theory (Friedman & Miles, 2002) and convergent stakeholder theory (Jones & Wicks, 1999; Wanhill, 2000), is the inability to analyse the changes occurring in relations between organisations and stakeholders, which can affect the outcome of planning and development or management policies. Bramwell and Sharman's (1999) framework is developed from a similar perspective. While acknowledging the advantages of collaboration they argue that the power imbalance and other differences that exist among local stakeholders should be determined and corrected to some extent for successful policy development. Research further indicates that stakeholder support of planning and development efforts is important for long term success of the ventures (Grant, 2004; Horobin & Long, 1996; Sautter & Leisen, 1999; Tosun & Timothy, 2003; Vincent & Thompson, 2002).

2.6 Government and Tourism

The economic significance of tourism has led to a greater prominence in a political context in recent years. From a different perspective, another virtue of tourism is its ability to foster cross cultural understanding (L. R. Day, 2004). In a political sense tourism is often regarded as a means of furthering community development (de Beer & Marais, 2005; Reeder & Brown, 2005), but the results may not always be beneficial (Kweka et al., 2003; Tosun & Timothy, 2003). In some cases the development of tourism does not always lead to employment gains in a destination (Kweka et al., 2003), while in others the minimal involvement of the community in the development process may lead to an unsustainable development (Durberry, 2004; Tosun & Timothy, 2003). On an economic level, tourism has been found to produce economic benefits even in small economies, particularly with proper government intervention (Durberry, 2004; Vanegas Sr & Croes, 2003).

Hall (1999, p. 274) states that in recent years a noticeable shift can be observed with regard to the role of government from a '*traditional public administration model*' to a more collaborative approach to policy development further emphasising the importance placed on stakeholders within the tourism supply context. Hardy and Beeton (2001) identify the distinction between maintainable tourism and sustainable tourism as:

...tourism in which stakeholder interests are presumed rather than thoroughly researched...(p. 168)

They further advocate that maintainable tourism is a sub-optimal result that does not meet the elements of sustainable tourism. In view of the benefits and costs of tourism development, recent years have seen a strong trend towards stakeholder support to tourism development (Hall, 1999; Horobin & Long, 1996; Vincent & Thompson, 2002). The potential benefits from tourism and the detrimental impacts on the

environment if improperly managed has led to a growing awareness of more sustainable forms of tourism development.

2.7 Natural Resources and Community Support

The potential benefit of ecotourism from a political perspective has seen many governments actively promote this form of tourism (Pforr, 2001). However, unplanned and haphazard planning and development of ecotourism have questioned the sustainability of such developments (Honey, 2003; Horobin & Long, 1996). Vincent and Thompson (2002) argue that the likelihood of community support is greater when ecotourism projects are perceived as creating jobs involving residents in the environmental activities and providing other economic benefits to the area. In their view this enhances the chances of success of such ecotourism projects (Vincent & Thompson, 2002). While the interest in the promotion of ecotourism from a supply perspective has generated much interest among tourism supply stakeholders, the underlying objectives can be varied (Buckley, 2000; Sasidharan, Sirakaya, & Kerstetter, 2002). Further, for the successful implementation and sustainability of ecotourism products, Vincent and Thompson (2002) argue that community support and education are crucial.

Similarly, successfully marketing ecotourism requires the support of several key players, particularly the visitor (Herbig & O'Hara, 1997). Despite the lack of a universal definition, ecotourism has become a popular form of tourism in recent years (Buckley, 2000; Pforr, 2001). Yet, in defining this form of tourism the emphasis on nature and conservation aspects indicates a closer affinity to sustainable tourism (Buckley, 2000; Pforr, 2001; Vincent & Thompson, 2002). The concept of ecotourism is popularly associated with small scale tourism developments, but if managed appropriately this concept can be successfully implemented with both small and large scale developments (Ayala, 1996; Sasidharan et al., 2002; Weaver, 2001).

Ayala (1996) further suggests that emphasis on heritage conservation will enable compatibility of traditional beach tourism with ecotourism.

The increasing popularity of this form of tourism has created an awareness of the benefits of labelling such enterprises for marketing purposes (Buckley, 2000; Sasidharan et al., 2002). The numerous certification programmes that subsequently proliferated around the world created awareness of the need for standardisation of these accreditation bodies (Honey, 2003). Yet, this may not necessarily produce beneficial results to all stakeholders of the industry. In particular, research indicates that smaller tourism enterprises in developing nations are likely to be at a distinct disadvantage as a result of eco-labelling (Sasidharan et al., 2002).

2.8 Natural Disasters and Tsunamis

While the probability of some natural disasters can be predicted in advance, Huan, Beaman and Shelby (2004, p. 256) argue that disasters such as earthquakes and tsunamis can be categorised as no-escape natural disasters due to the short time span between the detection and impact of such a disaster. Murphy and Bayley's (1989) findings suggest that in some cases disaster sites can become prime tourist attractions:

Media exposure and consequent public awareness would usually have cost the tourist industry vast sums of money under normal circumstances, but if it can capitalize on this free, sensational exposure it can increase a flow of visitors and revenue that, in turn, can facilitate recovery and lead to a better landscape in the aftermath of a disaster. (p. 46)

Conversely, a study on the impact of the 1999 Taiwan earthquake on the Taiwan tourism industry, indicated that tourists can continue to avoid such destinations due to the perceived risk and fear (Huang & Min, 2002). As such, they argue that these

should be taken into consideration when marketing destinations prone to such disasters.

Tsunamis are natural disasters that are unpredictable and unavoidable if the destination is situated in a location prone to such disasters (Huan, Beaman & Shelby, 2004, p. 257). Lander, Whiteside and Lockridge (2002) identify four types of tsunamis based on the cause of the tsunami. Of these types, the landslide tsunami is considered as the greatest danger to the Caribbean region (Lander, Whiteside & Lockridge, 2002, p. 60). Tsunamis or possible tsunamis have been reported in the Caribbean region since the 1500s while the Pacific Tsunami Warning Centre is reported as being set up in the 1900s following devastating tsunamis in Hawaii and Alaska (Lander, Whiteside, & Lockridge, 2002; Watts, 2002). Though technology is yet unable to accurately predict the generation or magnitude of a tsunami, some progress has been made in this respect with the Deep Ocean Assessment and Reporting of Tsunamis (DART) Project (O'Rourke, 2005). However, development at the cost of the environment can result in unprecedented devastation and tragedy as seen by the Boxing Day tsunami (Shiva, 2005).

2.9 Crisis Management and Disaster Recovery

The industry's susceptibility to crises and the far-reaching impacts on the many stakeholders have brought crisis management and disaster recovery issues to the forefront in recent times (Faulkner, 2001; Gonzalez-Herrero & Pratt, 1998). While shocks to the tourism system can result from both internal and external factors, the unpredictability and lack of control over the impacts of external shocks to the tourism system have been the focus of much research (Beirman, 2003; Faulkner, 2001; Glaesser, 2003).

External shocks as identified in the research can be categorised as environmental, political, social and economic shocks (Glaesser, 2003). These can be further

categorised as human induced or natural shocks as observed by Glaesser (2003) and Beirman (2003). Faulkner (2001, p. 136) argues that crises and disasters are distinct from each other and can be identified by the degree of control that can be exerted over the event. While human induced disasters can have far reaching effects on the tourism system and to a destination in particular (Baral, Baral, & Morgan, 2004; Beirman, 2002; Evans & Elphick, 2005; McKercher & Chon, 2004; Sonmez, Apostolopoulos, & Tarlow, 1999) these crises may in some instances diminish after a period of time as in the case of Northern Ireland (Beirman, 2001), the Asian financial crisis (Prideaux & Witt, 2000) and the SARS crisis (McKercher & Chon, 2004). In comparison, the threat of some natural disasters does not diminish with time, while in other cases the exotic location of a destination is in itself an indication of its vulnerability to natural disasters (Faulkner & Vikulov, 2001; Murphy & Bayley, 1989). However, Faulkner (2001) posits that the distinction between human induced and natural disasters is becoming less distinctive due to the '*intricacy and coherence of natural and human systems*' (p 136).

Research conducted into crisis management and disaster recovery in tourism has predominantly focused on the impacts on destination image (Beirman, 2002, 2003; Durocher, 1994; Gonzalez-Herrero & Pratt, 1998; Huang & Min, 2002; McKercher & Chon, 2004), destination management (de Sausmarez, 2004; Faulkner, 2001; Faulkner & Vikulov, 2001; Glaesser, 2003; Murphy & Bayley, 1989; Sharpley, 2005) and the economy (Anaman & Looi, 2000). Destination image has received significant focus due to the impacts of media coverage of disasters on the tourism industry (Baral et al., 2004; Beirman, 2002, 2003). A pertinent example of this is the SARS crisis where the media coverage initiated the onset of the crisis, resulting in adverse travel advisories from many nations (McKercher & Chon, 2004). As such, crisis management to a large extent focuses on the marketing of destinations after or during a crisis (Beirman, 2003; Glaesser, 2003).

The inability to predict and control such external shocks has necessitated that contingency planning be incorporated into destination management (Faulkner, 2001; Glaesser, 2003; Gonzalez-Herrero & Pratt, 1998; Murphy & Bayley, 1989). While some frameworks for contingency planning have been suggested, these tend to be developed from a destination management perspective, which requires co-ordination and planning across all sectors of the tourism system (de Sausmarez, 2004; Faulkner, 2001; Glaesser, 2003). In their study of the value of crisis management models in strategic planning in the international travel industry, Evans & Elphick (2005, p. 147) have observed that while this is a proactive approach, its success in a crisis situation depends on the level of awareness of the use and implementation of the plans among those responsible for its implementation. As such, the findings of their study suggest that a continuous process of evaluation and communication is imperative for the successful implementation of crisis management strategies. In a previous study conducted into the use of proven crisis management strategies, Gonzalez-Herrero and Pratt (1998) found that the adoption of marketing-communication strategies can vary with each country thus affecting the final outcomes of such strategies. On an enterprise level, the inability to influence the external environment requires small and medium enterprises to become internally efficient to overcome the economic implications of a crisis (Chu & Siu, 2001).

Due to the impacts of tourism on the economic perspective, research indicates that crisis management has been initiated on a government or destination marketing organisation level in many instances (Anaman & Looi, 2000; Beirman, 2003; de Sausmarez, 2004; Faulkner & Vikulov, 2001; Huan, Beaman, & Shelby, 2004a; Huang & Min, 2002). An example of this is the implementation of crisis management strategies during the Foot and Mouth crisis in the UK (Beirman, 2002). While Murphy and Bayley (1989, p. 46) emphasise the importance of taking a proactive approach to crisis management, they argue that the incorporation of a disaster plan should not require drastic changes to existing strategies and procedures and that a major focus of the plan should be to ensure the safety of tourists in the destination.

Though SMTEs are predominant in the tourism industry and highly susceptible to the impacts of crises, many countries are yet to take a proactive approach to crisis management (de Sausmarez, 2004). The recovery of the tourism industry after a crisis can be hampered by the extent of damage to infrastructure and property (Hunag & Min, 2002) and the organisational structure and characteristics of the businesses (Murphy & Bayley, 1989).

2.10 Sri Lanka's Tourism Industry

Sri Lanka's climatic conditions dictate a seasonality in tourist traffic, which is more pronounced in the coastal regions of the country despite beach holidays being the most predominant tourist product (Yacoumis, 1980). The slow growth in hotel accommodation during the 1970's had contributed to the spread of sub standard accommodation facilities thus resulting in difficulties with quality control and loss of tax revenue as argued by Yacoumis (1980). Subsequent to this period, the biggest barrier to the growth of the Sri Lanka tourism industry was the prolonged ethnic conflict (Beirman, 2003; Crick, 1994; O'Hare & Barrett, 1993b). Sri Lanka's tourism industry has been a significant influence on the development of the country since its official recognition by the Government in the 1960's (Crick, 1994; Lea, 1988; Yacoumis, 1980). The prolonged ethnic conflict in Sri Lanka and its impact on the tourism industry has dominated the academic and media attention over the past decades (Crick, 1994; Sharpley, 2005). Richter (1999, p. 43) argues that although Sri Lanka developed its tourism industry '*by the book*', those responsible for the development of the industry failed to adequately gauge the political environment and as such the industry became a casualty of the ethnic conflict. While Richter (1999) goes on to suggest that the development of a political audit would in many ways alert the industry to such events in the future, adequate consideration should be given to develop the industry in a manner that would ensure more equitable distribution of wealth and contribution to political stability.

The anthropological perspective of the Sri Lanka tourism industry provides insight into the attitudes and perceptions of stakeholders at the time, which indicate some dissatisfaction with mass tourism and packaged holiday tourists (Crick, 1994). Due to the decline of the industry subsequent to Crick's (1994) study, the subsequent focus of research has been on the ethnic conflict and recovery marketing and the promotion strategies of government (Beirman, 2003; O'Hare & Barrett, 1993b; Sharpley, 2005). The findings from the study conducted by O'Hare and Barrett (1993) identify that Sri Lanka's tourism industry has shown a great deal of resilience to the adverse impacts of the heightened ethnic unrest during 1983-1989.

The subsequent recovery of the industry is attributed to its active promotional efforts overseas and its diverse markets (O'Hare & Barrett, 1993). In addition to these promotional efforts, Beirman's (2003) study identifies several other strategies adopted by the Sri Lanka government that has helped with the recovery of the tourism industry. The tendency by the Sri Lanka Tourist Board to avoid issues relating to safety and the security situation has been identified by Beirman (2003) as hampering sustainable tourism growth. Further, Sri Lanka's tourism industry's approach to crisis management has been somewhat haphazard with little or no contingency planning process incorporated into the strategic planning at an industry level (Beirman, 2003, p. 128).

2.11 Summary of the Literature

The literature review enabled the identification of several gaps in the literature. Although the tourism phenomenon is best viewed as a system (Glaesser, 2003), research into the contributions from SMTEs has predominantly focused on European destinations (Bramwell & Sharman, 1999; Grant, 2004; Peters & Buhalis, 2004; Schlogl, 2004; Thomas, 2000; Wanhill, 2000), with a few studies conducted in Australia (Getz & Carlsen, 2000; Hardy & Beeton, 2001). However, there is a lack of research addressing the significance of SMTEs in the Asian region despite the

popularity of these destinations in the global tourism industry. While it is widely considered that SMTEs form the majority of tourism enterprises in a destination, studies into the proportion of SMTEs at Asian destinations or the characteristics of such enterprises are lacking. Further, research conducted into the contributions made by the SMTEs in the Sri Lanka tourism industry has been study specific and conducted largely for industry purposes.

Research identifies difficulties with planning and development of tourism destinations due to the complexity of managing stakeholders and consequently several theories have been suggested to address these difficulties (Grant, 2004; Hall, 1999, 2000; Jones & Wicks, 1999; Sautter & Leisen, 1999). Despite the significance given to the management of stakeholders and the need for sustainable development, there is a dearth of literature on the management of stakeholders in Asian countries although tourism is a significant contributor to the economic environment of these countries. The need to identify all stakeholders, balancing of stakeholder power and the support of stakeholders for the purpose of sustainable development have been identified in research (Bramwell & Sharman, 1999; Grant, 2004; Sautter & Leisen, 1999). However, research does not identify the extent to which stakeholders in Asian countries and Sri Lanka in particular are able to exert an influence on the development of tourism. This is especially significant in view of the political importance placed on the development of tourism in Sri Lanka.

Due to the growth of the tourism phenomenon and its significance to the global economy, many studies have identified the need for crisis management policies and suggested disaster recovery models for use within the tourism industry (Beirman, 2003; Faulkner, 2001; Glaesser, 2003). Designed from the perspective of the tourist destination or large organisations, these crisis management strategies are suited for organisations with multiple levels of management and a complex network of key players or decision makers. Although the significance and large proportion of SMTEs in the tourism industry is widely accepted, the focus on these businesses in crisis

management models is from the perspective of a stakeholder of the tourist industry. Though these strategies may be feasible at a destination level, the complexities and resources necessary for the implementation of such strategies make these unsuitable for adaptation by SMTEs. Literature that addresses the issues faced by SMTEs in the business recovery phase and contingency planning phase is significantly lacking despite the significance of these to the local economy.

Further, the widespread damage caused by the Boxing Day tsunami and the significant effects on the Sri Lanka tourism industry may be a preview of such events in the future. Therefore, the incorporation of crisis management policies into the development of the tourism industry in Sri Lanka and SMTEs within vulnerable locations in particular is important to ensure a sustainable tourism industry. At present, there is a lack of literature acknowledging these aspects of crisis management.

Chapter Three identifies the purpose of this study and the research questions. It also discusses the research methodology, design and implementation with particular emphasis given to the definition of SMTEs in view of the lack of an accepted definition as identified in the literature.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter, which details the research methodology of this study, discusses the theoretical framework, research design and research method. The discussion on the theoretical framework includes justification for the framework choice, assumptions made, and identifies the limitations of the framework. A discussion of the research design and implementation follows. The design and implementation discussion emphasises the justification of the choice of paradigm, data collection, target population and data analysis aspects of the design. In view of the focus of this study, prominence is given to the definition of SMTEs and justification of the choice of definition.

3.2 Theoretical Framework

The literature review identified several frameworks developed to portray the tourism system (Burns, 2004; Farrell & Twining-Ward, 2004; Gunn, 1994; Hall, 2003; Leiper, 1995; Mill & Morrison, 1985). Having carefully evaluated these frameworks for the portrayal of likely influences on the recovery of SMTEs, '*The Tourism Market System*' (Hall, 2003, p. 18) was identified as the most appropriate, despite its predominantly marketing emphasis.

This framework incorporates both the supply and demand side of the tourism system and identifies the tourist experience as the central element in the system (shown in Figure 3.1). Hall's (2003, p. 18) model identifies the influences that are exerted on the tourist experience by the tourist (demand), the tourist product (supply) and the external environment.

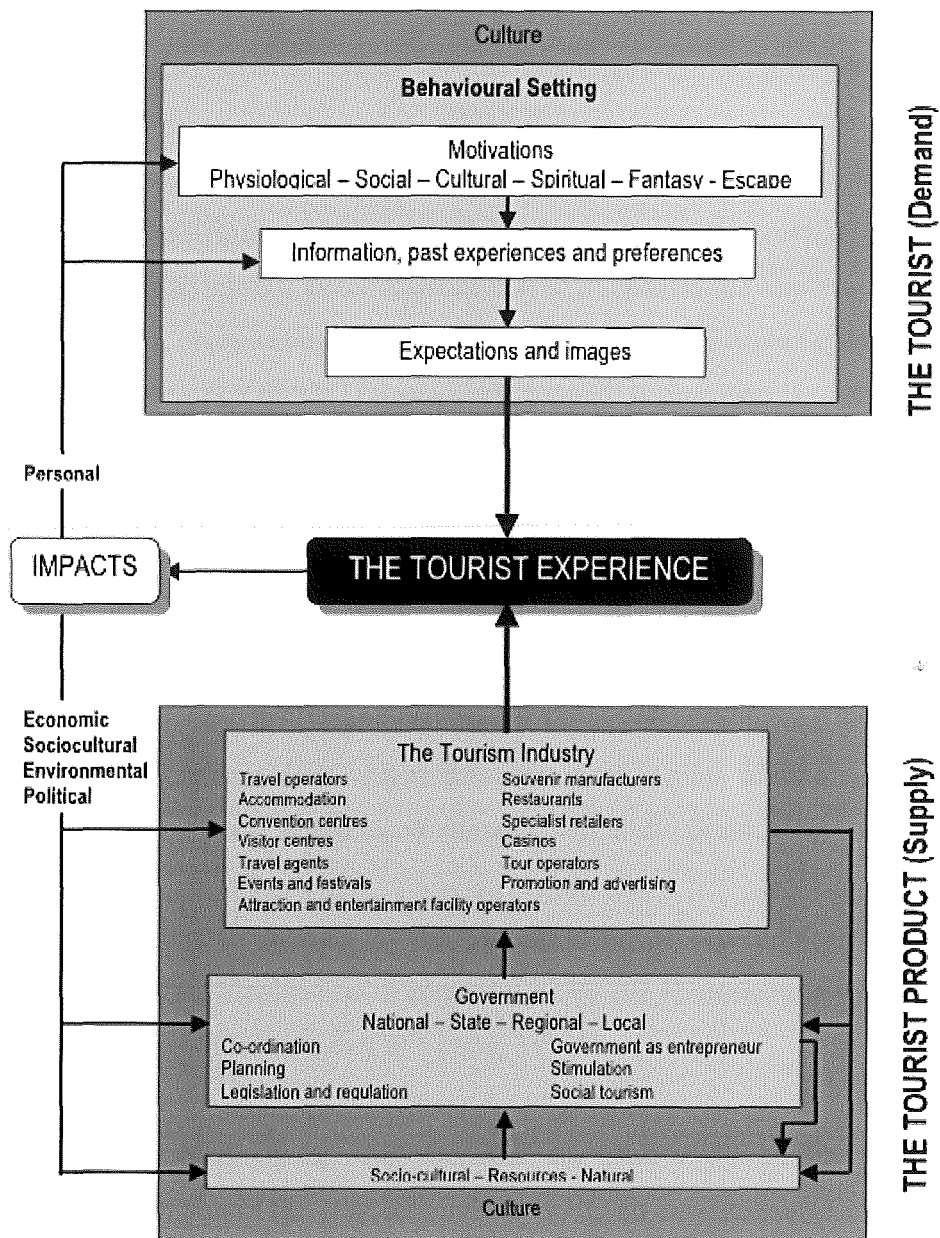


Figure 3.1: Hall's Tourism Market System (Hall, 2003, p. 18)

The model incorporates behavioural and sociocultural aspects with the marketing elements of demand and supply. This model, which segregates the elements into demand and supply categories, adequately emphasises the influence of the supply-side elements on the tourist experience. In addition, several other factors as identified below further influenced the choice of this model as the theoretical framework for this study:

- The identification of private sector organisations providing goods and services to tourists as the tourism industry signifies the important role played by these organisations within the tourism system. Consequently this enables the recognition of SMTEs as a component of the tourism industry.
- The model enables the identification of the impacts of post-tsunami government policies on the tourism industry as a whole and the small and medium enterprises in particular.
- Emphasis on the fragmentation of the tourism industry, by identifying several stakeholders, highlights the complexity in the planning and development of tourism destinations (Hall, 2000; Gunn, 1994).
- Difficulties in relation to the identification of stakeholders of a tourism industry are diminished to some extent by the identification of a number of key stakeholders (Sautter & Leisen, 1999).
- Relationships among the elements are clearly discernible enabling the identification of the elements influenced by an environmental impact such as a natural disaster.

In view of the above, this model was considered an appropriate framework for the purpose of this study.

Similarly, the literature review revealed several crisis management frameworks developed for the tourism sector. Designed from the perspective of the tourist destination or large organisations these crisis management strategies are suited for organisations with multiple levels of management and a complex network of key players or decision makers. Though SMTEs may well be a link in the chain of a crisis management strategy at the destination level, it is important that some form of crisis management strategies are adapted at the individual level. The strategies developed thus far may be feasible at a destination level but the complexities and resources necessary for the implementation of such strategies make these unsuitable for adaptation by SMTEs.

3.2.1 Limitations of the Model

Despite the many factors that have contributed to its adaptation, Hall's (2003, p. 18) framework is not without its limitations. These limitations are briefly identified below:

- In identifying the stakeholders of the tourism industry, the model is limited to only those direct stakeholders of the industry; therefore, indirect stakeholders such as suppliers are not represented.
- Although the framework identifies direct stakeholders of the tourism industry, no distinction is made between SMTEs and larger organisations in the tourism industry or the relationships that may exist.
- The extent of the influence exerted by elements in the tourism system is not discernible although the relationships that exist between the elements are depicted.

3.2.2 Basic Assumptions

The fundamental assumption on which this study is based is that tourism is best studied as a system. The varying degrees of influence exerted by the SMTEs on other stakeholders in the system and the diverse range of interdependencies and interrelationships that characterise the tourism phenomenon are a significant factor that can influence these enterprises. Thus, these characteristics are best identified in the tourism system concept.

Secondly, pre-existing conditions were considered to be external environmental factors that were assumed to have a continued influence on the SMTEs recovery. As the study focuses on the post-tsunami business recovery, all pre-existing conditions that have an influence on the continuity of the enterprises were considered as external to the central factor being researched.

Thirdly, the crisis management frameworks were considered too complex for adaptation by SMTEs. While the crisis management frameworks address many aspects, the simple organisation structure and limited resources available to SMTEs make implementation of such complex processes unfeasible.

Lastly, crisis management policies were assumed to have an influence on the business recovery of the SMTEs. Crisis management policies were assumed to include coastal conservation regulations, which were assumed to have a significant influence on the SMTEs business recovery process. It was also assumed that some degree of awareness of such policies would exist among the SMTEs.

3.3 Conceptual Framework

Based on the basic assumptions and in view of the limitations of the model, an adaptation of Hall's '*The Tourism Market System*' (2003, p.18) was developed as the conceptual framework (shown in Figure 3.2). The conceptual framework clearly

discerns the elements and interrelationships on the supply-side of '*The Tourism Market System*' identifying SMTEs as part of the tourist product. While it is acknowledged that the demand for the tourism product will no doubt have an influence on the recovery of the SMTEs, this aspect is beyond the scope of this study.

In portraying the tourism industry as a separate element from that of the government, the model indicates that the tourism industry is an amalgamation of private sector enterprises that provide goods and services for the tourist's consumption. Though this model is comparable with Sri Lanka's tourism industry, where approximately 95% of the industry is comprised of private sector enterprises (Official 1, pers. com.), the conceptual framework depicts the direct stakeholders in terms of enterprise size and identifies suppliers as an additional segment of stakeholders.

The role of government depicted as coordinator, planner, and regulator in the theoretical framework is adapted to include the roles performed in marketing and promotion, disaster relief and crisis management by the Sri Lanka government. The various levels of government, at which these roles may be performed, are adapted to reflect the levels of government in Sri Lanka. While comparable with Sri Lanka's tourism industry where the responsibility of planning, legislation, regulation, co-ordination, marketing and promotion of the industry lies with the government further influences are identifiable at the local government level in building regulations and infrastructure provision and maintenance. Disaster relief and crisis management influences are identifiable at all levels of government.

The socio-cultural and natural resource element (Figure 3.2), identified as the community level, is depicted as directly influencing the government while indirectly influencing the tourism industry. Influence of the tourism industry on this element is depicted as being direct and is identifiable with the implications of the business recovery of SMTEs on the community and natural resources.

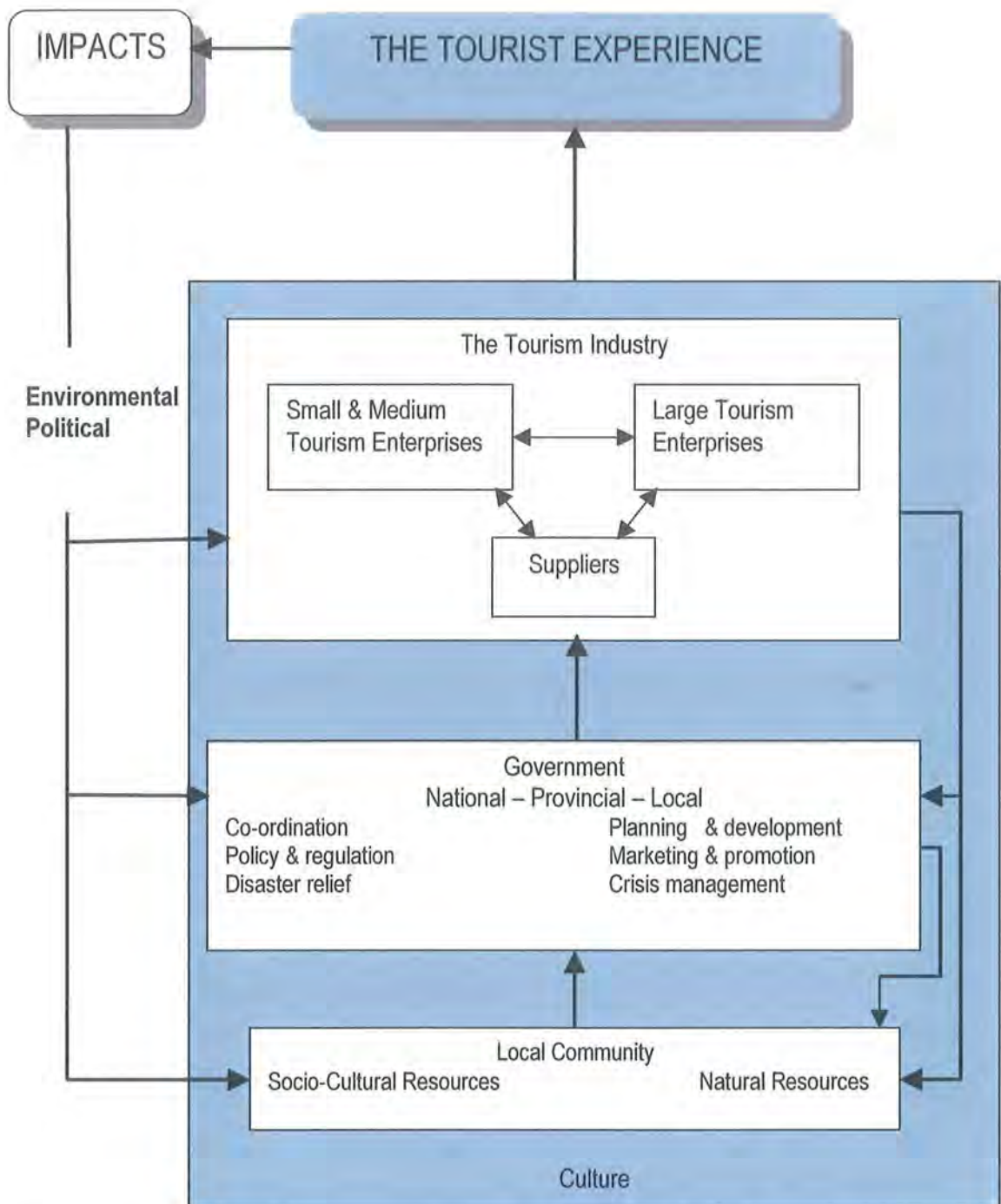


Figure 3.2: Conceptual Framework (Adapted from Hall's Tourism Market System)

The system also depicts these three elements as being within a cultural environment, which is indicative of some degree of influence to and from the various elements. While acknowledging that the destination culture is influenced to some degree by the tourism system, this aspect is not investigated as it is beyond the scope of this study.

Similar to the framework suggested by Leiper (1995; 1979), Hall (2003) identifies the ability of the external environment to influence the system and consequently the tourist experience. While the sociocultural, political, environmental and economic impacts are identified as external impacts influencing the tourism industry, this study focuses on the environmental and political impacts on the Sri Lanka tourism industry in particular.

The influence of a natural disaster on the tourism industry, government and natural resources is identifiable as an environmental influence on the supply-side of the tourism system. This enables the identification of the tsunami and possible future threats as environmental influences on Sri Lanka's tourism industry. Similarly, the external political impact is identified with pre-existing government policies and regulations. This distinction was considered prudent as the study focuses on the post-tsunami recovery of the industry and as such pre-existing conditions while exerting an influence are external to the focus of the study.

3.4 Research Questions and Objectives

3.4.1 Key Research Question

What are the post-tsunami recovery issues, faced by the SMTEs in the Galle district as stakeholders in the tourism industry of Sri Lanka and how do they think this recovery can be managed in the medium to long term?

3.4.2 Research Objectives

- To identify the issues faced by the SMTEs within the Galle district in their attempt to resume business after the Boxing Day tsunami.
- To ascertain the SMTEs awareness and views on the crisis management procedures adopted / proposed for the medium to long term by the Government and the tourism industry of Sri Lanka.

3.4.3 Subsidiary Questions

- What effect does the Boxing Day tsunami have on the Galle District over the short, medium and long-term?
- How do the effects identified influence the SMTEs over the short, medium and long-term?
- Are the post-tsunami policies and strategies of the government influencing (either positively or negatively) the recovery of the SMTEs?
- What other external factors would influence (either positively or negatively) the SMTEs over the long-term?
- What medium to long-term crisis management procedures have been established by the SMTEs and the tourism industry?
- How can these recovery procedures be managed for medium to long-term benefit by SMTEs?

3.5 Purpose of the Study

The purpose of this study was to identify the issues faced by the SMTEs in their attempt to resume business in the post-tsunami tourism industry of Sri Lanka. Further, the study attempted to ascertain the SMTEs views on how the business recovery should be managed over the medium to long term in view of the crisis management strategies adopted or proposed for the tourism industry.

3.6 Choosing a Paradigm

Based on the purpose of this study, information of a qualitative nature was required. In view of the nature of the event and its implications under study, the lack of prior literature on the issues of SMTEs required an inductive approach to data collection. Though quantitative analysis would have provided statistical information this would not have adequately described or ascertained the issues faced by these enterprises. As such, an exploratory research design was chosen for the purpose of this study (Jennings, 2001; Sarantakos, 1993).

3.6.1 Reasoning for a Qualitative Approach

Qualitative methodology is considered more suitable for exploratory studies despite being questioned by many quantitative researchers on its validity and reliability (Jennings, 2001). The ability to obtain rich data by using qualitative methods, enables the researcher to understand issues relating to the study at a deeper level than allowed by quantitative research methods. While several factors influenced the choice of methodology these factors, as discussed below, justify the choice of a qualitative methodology.

- An inductive approach was identified as more suitable due to the lack of sufficient prior literature and hypotheses addressing issues relating to SMTEs post-disaster business recovery.

- As the study attempted to ascertain the SMTEs views on the management of business recovery over the medium to long term, the information required was of a subjective nature.
- The widespread damage and time constraints required that the sample size be more manageable. Additionally, due to the post-tsunami awareness of SMTEs, displacement of persons, and lack / loss of formal records on this sector, the random sampling method was not a viable option.

3.6.2 Choosing Subjectivism

Despite the increased awareness and attention given to the recovery of SMTEs by the relevant authorities the information from these sources does not adequately portray or identify the issues faced by the SMTEs. Therefore, to ascertain issues faced by SMTEs in their post-tsunami business recovery, the views and opinions of those SMTEs were imperative to the study. Further, although collectively recognised as SMTEs, the diversity of these enterprises entails that issues faced by these enterprises can be varied depending on the characteristics of the enterprise. As such, in attempting to identify the issues faced in their business recovery this diversity needs to be taken into consideration in the research design. Thus the choice of a subjective approach to the research was justifiable.

3.6.3 Content Reliability and Validity

The inductive approach of this study gave rise to issues of reliability and validity, as commonly questioned with the qualitative methodology (Jennings, 2001; Sarantakos, 1993). As noted by Jennings (2001), while perfect validity results in perfect reliability in the holistic-inductive paradigm, perfect validity is theoretically impossible.

Validity of data results in reliability (Sarantakos, 1993), and triangulation is an alternative to validity (Denzin & Lincoln, 1994).

Therefore, this study relied on data triangulation as a means of adding depth and breadth to the research (Jennings, 2001). The literature review, interviews with the SMTEs and interviews with three key officials associated with the tsunami recovery enabled the triangulation of data.

3.7 Defining Small and Medium Tourism Enterprises

The literature review conducted prior to the data collection revealed that the definition given by the European Commission was the most common (Buhalis, 2003; Wanhill, 2000). Notably, no reference was available to a definition utilised in Sri Lanka. Therefore, it was determined that, if available, the definition used by the SLTB or a definition comparable with those used in Sri Lanka, would be utilised for this study.

Consequently, an investigation into industry reports revealed several study specific definitions of the small and medium sector of the country. However, the use of these definitions was considered inappropriate for this study. These definitions and arguments against the use of these are given below:

- Small and medium enterprises in the tourism sector are broadly categorised by the SLTB as operators of small accommodation units such as small hotels, guesthouses, inns, motels, etc., operators of small restaurants and cafes, bicycle and motor vehicle hirers, motor boats and sports equipment hirers, site-seeing tour operators, small souvenir and handicraft shop operators and mobile vendors of handicraft and souvenir items (Samaranayake, 2005). Though this definition undoubtedly included all SMTEs, the ambiguity of this definition would not allow comparisons across

the individual categories of SMTEs. The interpretation of this definition was further questionable due to the lack of clear criteria defining '*small*'.

- The European Commission defines small and medium enterprises based on the number of employees. Enterprises employing between 10 and 49 persons are defined as small enterprises and those employing more than 50 but less than 250 are defined as medium enterprises. The use of employee numbers in this definition though practicable was not feasible in the Sri Lankan context due to the exclusion of enterprises with fewer than 10 employees.
- The Central Bank of Sri Lanka defines small and medium enterprises as businesses with a capital investment (excluding land and buildings) no less than Rs 250,000 but not exceeding Rs 10,000,000 (Cooray, 2005). However, this definition was not considered suitable due to the following reasons. Firstly, a question arises as to the valuation of assets in the pre or post-tsunami situation. Secondly, verification of the value was difficult and as such depended solely on the credibility of the owner. Thirdly, information relating to financial aspects of the business were unlikely to be easily forthcoming especially from informal enterprises due to concerns of tax implications.
- Similarly, in a report by the International Labour Organisation (Richards, Ishikawa, & Lubyova, 2002) reference is made to small and medium enterprises consisting of between 5 and 100 full time employees with small enterprises employing no less than 5 and no more than 10 full-time employees. This definition does not include the single owner operators and family run businesses with less than 5 employees and as such was considered to be inadequate.

Therefore, for the purpose of this study, SMTEs were defined as single owner operators, family run businesses, sole proprietorships and partnerships employing between 1 and 100 full time employees, providing goods and services wholly or mainly for tourist consumption. Small enterprises are defined as those employing between one and 10, while medium enterprises are those employing between 11 and 100 full-time employees. This definition was developed due to the ambiguity of the definition utilised by the Sri Lanka Tourist Board.

3.8 Population and Sample

3.8.1 Identifying the Target Population

The population consisted of all SMTEs within the tourism industry of Sri Lanka (Jennings, 2001). Consequently, in view of the wide geographical displacement, convenience of access, and the focus of this study, the target population was identified as all SMTEs located within the Southern Province of Sri Lanka (Jennings, 2001). The following factors contributed to the choice of the Southern Province of Sri Lanka as the target population.

- The large-scale damage within the Southern Province, which was the worst affected in terms of tourism, suggested that SMTEs located in this province faced numerous significant issues in the post-tsunami business recovery.
- Additionally, the large proportion of hotels located in this area prior to the tsunami, particularly in the Galle district, was indicative of an equally large and diverse proportion of SMTEs, thereby making this location more suitable.
- Further, in view of the time frame available for the conduct of fieldwork, this location was more easily accessible to the researcher.

3.8.2 Identifying the Sample

The time, cost and accessibility limitations of this study dictated the identification of a feasible sample from the target population (Jennings, 2001; Sarantakos, 1993). However, it was further anticipated that, despite efforts made to include all identified persons in the study, some participants would opt not to participate (Sarantakos, 1993). Therefore, having incorporated the need to identify a larger sample to compensate for the non-participants, SMTEs within the Galle District, in the Southern Province of Sri Lanka, were selected as the sample (Jennings, 2001).

3.8.3 Sample Size

As stated by Sarantakos (1993), the quality rather than the quantity of the data determines the sample size in qualitative research. Due to the qualitative nature of this study and in view of the aims and objectives, the achievement of a 'qualitative informational isomorph' was considered indicative of the ideal sample size (Jennings, 2001, p. 149). Consequently, data gathered from a total of 21 SMTEs were included in this study.

3.8.4 Sampling Method

In view of its suitability for studies of an exploratory nature, the non-probability sampling methods of convenience and snowball sampling were chosen for the purpose of this study (Jennings, 2001; Sarantakos, 1993; Williamson, Karp, Dalphin, & Gray, 1982). The use of convenience sampling enabled the identification of those businesses that were in the process of rebuilding or in a partially operational state and as such, able to provide relevant data on the issues faced during this process (Jennings, 2001; Sarantakos, 1993; Williamson et al., 1982). Due to the lack of sufficient information on this sector of the industry and the displacement of persons, snowball sampling was used to supplement the convenience sampling method. This

enabled the researcher to approach several other SMTEs, which would otherwise not have been identifiable (Jennings, 2001).

The use of data triangulation as an alternative to validation (Denzin & Lincoln, 1994 p. 2), required the identification of several key officials from the Sri Lanka tourism industry and affiliated organisations. Expert sampling identified three key officials. This method enabled the researcher to target those officials considered most knowledgeable on the issues under study (Jennings, 2001; Sarantakos, 1993; Williamson et al., 1982) and collect relevant data within a short time frame (Jennings, 2001).

3.8.5 Characteristics of Sample SMTEs

SMTEs within the sample were found to provide three distinct types of service and as such, were broadly grouped into three distinct categories, namely hospitality enterprises, souvenir providers, and nature-based enterprises (Table 3-1). Details of these categories are as follows:

- Hospitality enterprises (HS) were those SMTEs that primarily provide board and lodging in ungraded accommodation. These enterprises did not fall within the SLTB definition of graded accommodation, which is “[a]ll *Tourist Hotels, which are reckoned to be up to international standards of operation*” (Sri Lanka Tourist Board, 2004, p. 57). The sample consisted of both formal and informal SMTEs.
- Souvenir providers (SV) consisted of SMTEs that manufactured and / sold handicraft items such as wood carvings, batiks, handmade lace, gems and jewellery, natural silk, seashells and seashell products, and antiques and antique reproductions. This sector too consisted of both formal and informal enterprises.

Table 3-1: Sample Characteristics

SMTE Code	Type of Business	Employees	Formal (F) / Informal (I)	Level of Operation
HS 1	Home stay	2	F	
HS 2	Accommodation + restaurant	16 (12)	I	2 rooms + restaurant
HS 3	Accommodation + restaurant	10	F	4 rooms + restaurant
HS 4 *	Accommodation + restaurant + boat rides	12 (2)	F	6 rooms + restaurant
HS 5	Restaurant	5	F	Fully operational
HS 6	Accommodation + restaurant	12 (8)	I	Fully operational
SV 1	Souvenir retailer	0	I	
SV 2	Souvenir manufacturer + retailer	18	I	Sales centre
SV 3	Souvenir retailer	5 partners	I	
SV 4	Souvenir manufacturer + retailer	70	F	Sales centre
SV 5	Souvenir manufacturer + retailer	2	I	
SV 6	Souvenir manufacturer + retailer	13	I	Sales centre
SV 7	Souvenir manufacturer + retailer	11	F	Fully operational
SV 8	Souvenir manufacturer + retailer	4	I	
SV 9	Souvenir manufacturer + retailer	10	I	
SV 10 *	Souvenir retailer + boat rides	4 (0)	I	Sales centre
SV 11	Souvenir manufacturer + retailer	2	I	Fully operational
NR 1 ☆	Turtle conservation + souvenir retailer	12	I	Project
NR 2	Photo opportunity	5 partners	I	Fully operational
NR 3 ☆	Turtle conservation + souvenir retailer	6 (0)	I	Project
NR 4 ^	River boat rides + restaurant	18 (9)	I	Fully operational

() Indicates post-tsunami number of employees

* Boat rides operated as supplementary enterprise

☆ Souvenir sales centre operated to maintain conservation project

^ Restaurant operated as supplementary enterprise

- Nature-based (NR) enterprises consisted of those SMTEs operating turtle conservation projects, boat rides to view the natural river environment, and a unique photo-opportunity provided by an enterprising group of youths.

The sample consisted of both formal and informal SMTEs. For the purpose of this study, formal refers to SMTEs approved by the SLTB while informal refers to SMTEs either unapproved or awaiting approval from the SLTB. Characteristics of the sample are provided in Table 3-1 (also refer Appendix VIII).

3.9 Pilot Study

Prior to the commencement of the data collection a pilot study was conducted to ascertain the effectiveness of the data collection method and analytical methods chosen for this study. For this purpose, a sample of SMTE representatives were interviewed using the interview guide to determine its effectiveness in obtaining relevant data. The effectiveness of the chosen analysis method was then determined by analysing the data obtained. As this was conducted purely for the purpose of determining the effectiveness of the interview guide and data analysis method, data obtained during the course of the pilot study have not been included in the findings of this study.

3.10 Data Collection Methods

In view of the inductive approach of the study, in-depth semi-structured interviews were chosen as the most appropriate form of data collection (Jennings, 2001). This method of data collection provides the researcher with a degree of freedom in the content, wording and order of questions (Jennings, 2001; Sarantakos, 1993).

The characteristics of the SMTEs and the competitiveness between these organisations (Sautter & Leisen, 1999; Smith, 1998) suggested that the use of group

discussions or focus group methods of data collection were not feasible. In addition, the characteristic limitations of group discussions and focus group methods of data collection (Fontana & Frey, 2000) and the complexity associated with obtaining sufficient numbers of participants also meant that these methods were considered unsuitable.

3.10.1 Implementing the Research Instrument

Collection of data was achieved through a series of in-depth semi-structured interviews conducted within the Galle District of Sri Lanka during the period July - August 2005. The degree of freedom allowed by this method enabled the researcher to delve further into issues of significance and adapt the questions to suit the participants level of understanding, experience and circumstances. Further, this method provided the interviewer with a degree of control enabling the interview to be directed and focused to ensure that the data collected within the limited time frame was both relevant and useful to the study (Jennings, 2001; Sarantakos, 1993).

Use of an interview guide (See Appendix VI) ensured a degree of consistency among all participants while enabling the questions to be tailored to obtain individual perspectives and experiences (Jennings, 2001; Sarantakos, 1993; Williamson et al., 1982). The interview guide was categorised into the following four main areas to ensure that information elicited from the participants was relevant:

- Pre-tsunami business environment – these questions enabled the interviewer to establish a rapport with the participant, while eliciting some data as to the type and nature of the business enterprise (Jennings, 2001).
- Consequences of the tsunami – questions in this area were used to establish the extent of the damage caused to the business enterprise as a result of the natural disaster.

- Resumption of business – questions covered issues such as difficulties encountered and assistance received from various sources with regard to the resumption of business.
- Future considerations – these questions addressed areas such as contingency planning, crisis management and economic sustainability of the business over the long-term.

The extent to which each topic was exhausted in the interviews depended on the individual participant, while other topics identified during the course of the study as significant were included in subsequent interviews (Jennings, 2001; Sarantakos, 1993; Williamson et al., 1982).

3.10.2 Reflection on the Process

3.10.2.1 Pre-data Collection

Prior to the commencement of the data collection phase, a visit was made to the Galle district to assess the extent of the recovery of the SMTEs and to determine the suitability of this location for the study. During the course of this visit the researcher approached several SMTEs identified as potential participants to set up interviews, ascertain the need for translated documents and obtain referrals to other potential participants. Based on the initial visit, it was determined that translations of the information letter and consent form were a necessity and thus translations were obtained from a sworn translator in the locality.

Potential participants identified through observation and referrals were approached and encouraged to participate in the study, which was conducted at locations and times of their convenience. On confirmation of participation, the SMTEs were

screened by ascertaining the employee numbers to ensure that only those relevant to the study were included.

3.10.2.2 Data Collection

Data collection commenced on the 18th July and completed on the 1st August 2005. The commencement of the data collection was delayed to ensure SMTEs views would not be influenced by the political events, the '*Jana Bala Meheyuma*' and political rallies, that took place during the beginning of July in this location. Interviews were between 30 to 45 minutes duration, in the participants choice of language (English or Sinhalese), prior to which participants were provided the opportunity to question the researcher if they required any further clarifications. The duration of the interview depended on the participants' willingness to elaborate on the issues discussed.

3.10.2.3 Post-data Collection

Participants were debriefed and provided a further opportunity to question the researcher. Data obtained were subsequently reviewed, categorised and participants identified by code (hospitality enterprises: HS 1-6; souvenir providers: SV 1-11; nature-based enterprises: NR 1- 6). On review of data any further themes that emerged were noted for follow-up with subsequent participants. Finally, audio recordings were transcribed and translated (where necessary) in preparation for the next stage of coding and analysis. Audio tapes were stored in a locked and secure location throughout this process in keeping with the requirements of Edith Cowan University.

3.11 Data Analysis

In view of the inductive approach to the study, the constant comparative method of analysis throughout the data collection phase of the study was identified as a suitable measure to ensure that issues of significance were followed up adequately and not overlooked (Glaser & Strauss, 1967). The analysis process, which was initiated during the data collection with the constant comparative method, was completed through coding to identify emergent relationships.

As coding is a method of data analysis that can be utilised with interview transcripts (Glaser & Strauss, 1967) and it allows the researcher to search for commonalities and discrepancies among the data (Green, 1998), the use of open, axial and selective coding as suggested by Strauss (1987) was chosen for the coding of the data. Transcripts of the interviews conducted with the SMTEs were manually coded after which the codes were analysed to obtain the emerging themes. Emergent themes during the open coding phase were further divided into sub themes through axial coding. In the final stage, selective coding enabled further refinement of the thematic relationships identified throughout the coding process. The data thus obtained were then entered into matrices to enable display of the relationships and themes identified (Miles & Huberman, 1984).

3.12 Ethical Standards

The National Statement of Ethical Conduct in Research involving humans sets out the guidelines that must be followed for research involving the participation of human subjects at Edith Cowan University. As this study required the use of semi-structured in-depth interviews as a data collection method, approval was obtained from the Faculty Ethics Subcommittee of Edith Cowan University prior to the commencement of fieldwork.

In accordance with these guidelines interviews were conducted and recordings made only after the participants had read and understood the information letter and the consent form (refer Appendix VII) had been duly signed. Additionally, participants were given the opportunity to question the researcher prior to the commencement of the interview, if any further clarification was required. Participants' identity have been kept confidential by the use of codes in all documentation resulting from the data collection phase. Ethical issues anticipated and that arose during the data collection phase are identified below.

3.12.1 Language Issues

- The primary ethical consideration related to the language of the information letter and consent form. Although English is the second language in Sri Lanka, it was anticipated that many of the SMTEs would not be fluent in English and as such Sinhalese (local language in the area) translations of the information letter and consent form were provided (when necessary) to ensure that all participants were aware and informed of the details of the study.
- Further, in order to ensure that participants were provided the opportunity to adequately express their views, the participants were provided a choice of language for the conduct of the interview. The need for an interpreter did not arise as the researcher is fluent in the local language and as such interviews were conducted in Sinhalese where necessary.
- As the translations of the interviews conducted in Sinhalese were done by the researcher, a sample of these translations were provided to an independent certified translator to verify the accuracy of the translation (refer Appendix VIII).

3.12.2 Confidentiality and Privacy Issues

- Issues of confidentiality and privacy that arose due to the need to record the interviews were addressed by obtaining prior consent from the participants. Participants were advised in advance of the need to tape record the interviews and assured of confidentiality.
- Audiotapes were only accessible to the researcher and certified translator for the purpose of certifying the accuracy of the translation (sample of Sinhalese interviews). The audio tapes were stored under lock and key by the researcher for the duration of the study. These audiotapes will be destroyed on completion of the prescribed period as per the requirements of the university.
- In some instances, participants were found to be less forthcoming about issues faced in the business recovery process during the audio recording of the interview. As such, information provided after the termination of the recording was utilised for the sole purpose of gaining further insight and has not been recorded in accordance with the interviewees' wishes.

3.12.3 Emotional Discomfort Issues

- Further ethical issues anticipated were with regard to the emotional context of the disaster. In order to minimise any emotional discomfort, questions specifically addressed issues pertaining only to the business.

Participants were included on a completely voluntary basis and were given the opportunity to withdraw from the study at any time prior to the commencement of the final data analysis, with no negative consequences. Furthermore, the study did not in any way include any procedures that would result in any physical, legal or

psychological harm to the participants. All efforts were made to conduct the study in a manner in keeping with the ethical guidelines and requirements of the university.

3.13 Limitations of the Study

The primary limitations of this study were time and cost constraints, which influenced the scope and sampling methods of the study.

- These constraints dictated the use of non-probability sampling methods due to the convenience and ease allowed by this method of sampling. As this form of sampling is non-representative of the population and highly reliant on the researcher's selection process the findings are study specific (Jennings, 2001).
- The study was limited to a specific geographical location. As such, the choice of location was once again dependent on the factors of convenience and ease of access for the researcher. Therefore, the findings from this study are not representative of all SMTEs affected by the tsunami.

Secondly, the timing of the study was considered as a limiting factor.

- Though the relative recentness of the study resulted in the collection of current data, data relating to government policies and strategies were limited by the confusion and miscommunication in the post-tsunami environment.
- Additionally, the political environment within the country at the time of the data collection phase may have influenced the views and opinions of some of the participants.

Thirdly, the researcher is also identified as limiting the study to some extent.

- The researcher / interviewee rapport was unique to each participant and influenced the extent to which participants elaborated on issues.

Finally, the diversity of the SMTEs, the nature of the event under study and the limited sample size does not allow for generalisation of findings or exact replication of the study. Therefore, the findings of this research are study specific.

3.14 Chapter Summary

This chapter discussed the theoretical framework, research design and implementation. Particular reference was made to the appropriateness of the conceptual framework for the purpose of this study and its comparability in the Sri Lankan context. Of primary significance to the research design and implementation was the purpose of the study which dictated the use of a qualitative methodology.

Further, due to the lack of an adequate definition for SMTEs in the Sri Lanka tourism industry, the adaptation of an appropriate definition was required. As such, a discussion of the definitions utilised in Sri Lanka have been provided with relevant arguments to justify the adaptation of a definition for the purpose of this study. The chapter also discussed the methods of data collection, analysis, ethical considerations and the limitations of the study. The findings obtained through the implementation of this research design are presented in the following chapter.

CHAPTER FOUR FINDINGS

4.1 Introduction

This chapter reports the findings of interviews conducted with SMTEs in the Galle District and government and private sector officials in Sri Lanka. Galle District, located on the Southern coast of Sri Lanka, is renowned for its palm-fringed beaches. The Galle Dutch Fort, a living World-Heritage Site, and the charm and warmth of the Sri Lankan culture combine to make Galle District an enticing destination. The myriad of small and medium enterprises, which provided services and products to tourists, added to the charm of this destination. Sadly, the aftermath of the Boxing Day tsunami left many of these SMTEs with the arduous task of recovering their lives and livelihood. The findings presented in this chapter provide an insight into the issues faced by these small and medium enterprises in their efforts to meet this challenge.

Interviews conducted with the 21 SMTEs in the Galle District suggested that issues arose from both the internal and external environments of the enterprises. Factors perceived as controllable by participants constituted the internal environment of the enterprise. The external environment was found to consist of the different elements of the tourism system and the wider external environment of the tourism system. Themes, which emerged throughout the interviews, were identified as enterprise level; industry level; government level; community level; external environment level; and long-term recovery. Interviews conducted with the three officials identified issues arising at the government level and long-term recovery of the SMTEs. Participant enterprises were found to be of three distinct categories, based on primary business namely; hospitality enterprises; souvenir providers; and nature-based enterprises. Findings highlight the similarities and differences in the issues among these

enterprise categories. This chapter concludes with a summary highlighting the significant issues identified by participants.

4.2 Enterprise Level

Enterprise level includes those issues arising from the enterprise's internal environment. Characteristics such as enterprise structure, number of employees, and type of business, which differentiate these SMTEs from other larger enterprises, contribute to the internal environment of the enterprise. The distinctive characteristics of these enterprises influence the SMTEs style of operation and, as such, the business recovery efforts. Table 4-1 presents an overview of the characteristics of the participant SMTEs (refer Appendix VIII for detailed version).

Participant enterprises included family-run businesses, single owner enterprises, and partnerships. Three enterprises operated a supplementary enterprise each, with two providing boat rides and the other operating a restaurant facility (Table 4-1). Categorisation of enterprises was based on the primary business of the participant. Hospitality enterprises (HS) included enterprises providing accommodation only, or restaurant facilities only, or both accommodation and restaurant facilities. Souvenir providers (SV), provided a diverse range of products such as wood carvings, hand-made lace, batiks, silks, seashell products, antiques, gems and jewellery. Nature-based enterprises (NR) consisted of two turtle conservation projects and a boat ride enterprise, with the other enterprise included in this category providing tourists a photo opportunity. This creative use of the opportunities provided by the tourism industry was found to be both unique and innovative.

Enterprise level issues perceived by participants as influencing the business recovery included operational issues, financial issues, human resource issues, personal issues, and opportunities. Participants' views on each of these areas are presented in more detail under the respective headings.

Table 4-1: SMTE Characteristics

SMTE Code	Structure	Type of Business	Location	No. of Employees
HS 1	Family-run	Home stay	Unawatuna	2
HS 2	Single owner	Accommodation + restaurant	Unawatuna	16 (12)
HS 3	Single owner	Accommodation + restaurant	Unawatuna	10
HS 4 *	Family-run	Accommodation + restaurant + boat rides	Hikkaduwa	12 (2)
HS 5	Single owner	Restaurant	Bentota	5
HS 6	Partnership	Accommodation + restaurant	Hikkaduwa	12 (8)
SV 1	Family-run	Souvenir retailer	Unawatuna	0
SV 2	Single owner	Souvenir manufacturer + retailer	Gintota	18
SV 3	Partnership	Souvenir retailer	Galle	5 partners
SV 4	Partnership	Souvenir manufacturer + retailer	Galle	70
SV 5	Family-run	Souvenir manufacturer + retailer	Galle	2
SV 6	Single owner	Souvenir manufacturer + retailer	Hikkaduwa	13
SV 7	Single owner	Souvenir manufacturer + retailer	Ambalangoda	11
SV 8	Single owner	Souvenir manufacturer + retailer	Galle	4
SV 9	Single owner	Souvenir manufacturer + retailer	Ambalangoda	10
SV 10	Single owner	Souvenir retailer + boat rides	Hikkaduwa	4 (0)
* SV 11	Single owner	Souvenir manufacturer + retailer	Hikkaduwa	2
NR 1 *	Single owner	Nature-based enterprise + souvenir retailer	Bentota	12
NR 2	Partnership	Photo opportunity enterprise	Galle	5 partners
NR 3 *	Single owner	Nature-based enterprise + souvenir retailer	Kosgoda	6 (0)
NR 4 ^	Single owner	Nature-based enterprise + restaurant	Balapitiya	18 (9)

() Indicates post-tsunami number of employees

* Boat rides operated as supplementary enterprise

* Souvenir sales centre operated to maintain conservation project

^ Restaurant operated as supplementary enterprise

Operational issues such as repairs and restoration and availability of service or product were perceived as significant issues by many of the participants. In comparison, financial issues such as capital and loss of income were the most

common issues as perceived by all participants. Human resource issues, such as redundancy and wage reductions, though less common than operational issues were also perceived as important by many participants. Comparatively, personal issues such as financial constraints and other commitments were perceived as significant by only a few participants. Additionally, a few participants identified perceived opportunities that would influence the business recovery of the enterprise. Table 4-2 provides an overview of the enterprise level issues as referred to by participants (refer Appendix IX for detailed version).

Table 4-2: Enterprise Level Issues

POST-TSUNAMI BUSINESS RECOVERY						
Category	SMTE Code	Enterprise Level Issues				
		Operational	Financial	Human Resource	Personal	Opportunities
Hospitality enterprises	HS 1	√	√		√	√
	HS 2	√	√	√	√	
	HS 3	√	√	√	√	√
	HS 4	√	√	√	√	√
	HS 5	√	√	√		
	HS 6	√	√	√	√	
Souvenir providers	SV 1	√	√		√	
	SV 2	√	√	√		√
	SV 3		√			
	SV 4	√	√	√		
	SV 5	√	√		√	
	SV 6	√	√	√		
	SV 7	√	√	√		
	SV 8	√	√		√	
	SV 9	√	√		√	
	SV 10	√	√	√	√	
	SV 11	√	√			
Nature-based enterprises	NR 1	√	√			√
	NR 2		√		√	
	NR 3	√	√	√		
	NR 4	√	√	√		

Overall, no distinctive difference was identifiable in the perceived enterprise level issues between hospitality enterprises, souvenir providers, and nature-based enterprises.

4.2.1 Operational Issues

Issues identified within this category refer to those issues faced in achieving the former level or an acceptable interim level of operation. Operational issues relating to the enterprises' ability to function at a desired level of operation as perceived by the participants included repair and restoration of the building, building materials and labour, furniture and / or equipment replacement, service / product availability and standard, and public utility. An overview of operational issues perceived as affecting the participants' business recovery is presented in Table 4-3.

Service / product availability and standard were perceived as the most significant operational issue at the enterprise level, with only three participants not citing this as significant (as shown in Table 4-3). Repair and restoration of the building and furniture and equipment replacement were common to several participants, particularly in the hospitality enterprise category. Consequently, issues with building materials and labour and public utility were perceived as significant only by participants in the hospitality enterprise category.

Table 4-3: Enterprise Level - Operational Issues

POST-TSUNAMI BUSINESS RECOVERY						
Enterprise Level – Operational Issues						
Category	SMTE Code	Building Repairs & Restoration	Building Materials & Labour	Furniture & / Equipment Replacement	Service / Product Availability & Standard	Public Utility
Hospitality enterprises	HS 1	√	√	√	√	
	HS 2	√	√	√	√	
	HS 3	√	√	√	√	
	HS 4	√		√	√	
	HS 5	√		√		√
	HS 6	√		√	√	√
Souvenir providers	SV 1	√		√	√	
	SV 2	√		√	√	
	SV 3					
	SV 4				√	
	SV 5	√		√	√	
	SV 6				√	
	SV 7				√	
	SV 8	√		√	√	
	SV 9	√		√	√	
	SV 10	√		√	√	
	SV 11	√		√	√	
Nature-based enterprises	NR 1	√		√	√	
	NR 2					
	NR 3	√		√	√	
	NR 4			√	√	

4.2.1.1 Repairs and Restoration

Four enterprises, of which three were within the souvenir providers category and a nature-based enterprise, were completely destroyed by the disaster. One souvenir provider (SV 3) and one nature-based enterprise (NR 2) that did not sustain any damage had no physical structures or equipment. The balance enterprises had sustained varying degrees of damage. The following comments made by participants emphasise the varying degrees of damage sustained by the enterprises.

There was nothing left only the floor... (SV 1)

the walls around the property were completely destroyed, the bar was broken, windows, doors and all the glass was all broken,... (HS 6)

...the tanks in which we keep [turtle] hatchlings and the turtle nests got destroyed... (NR 1)

Regardless of the extent of structural damage sustained by these enterprises, participants perceived repairs and restoration fundamental to achieving an operational level. Operational levels (shown in Table 4-4) were found to differ among the participants with only six participants achieving a fully operational level as at July 2005. Notably, only five participants remained non-operational at the time. On the issue of partial operations, one participant stated the following:

Since we didn't want to lose the business we managed to get the restaurant going and have been operational at that level since then. (HS 2)

Partial operational level was found to be common among many of the enterprises operating combined enterprises such as accommodation and restaurant facilities or souvenir manufacture and retail facilities. Similarly, enterprises operating more than one business such as souvenir retailer and boat rides were found to have achieved a partial level of operations.

Table 4-4: Enterprise Level - Level Of Operation

Category	SMTE Code	Type of Business	Type of Damage	Operational Level*
Hospitality enterprises	HS 1 ^F	Home stay (6 rooms)	Structural [^] , furniture	
	HS 2	Accommodation (8 rooms) + restaurant	Structural, furniture, kitchen equipment	2 rooms + restaurant
	HS 3	Accommodation (8 rooms) + restaurant	Structural, furniture	4 rooms + restaurant
	HS 4 ^F	Accommodation (12 rooms) + restaurant + boat rides	Structural, furniture, kitchen equipment, stocks, boats	6 rooms + restaurant
	HS 5	Restaurant	Structural, furniture, kitchen equipment	Fully operational
	HS 6 ^P	Accommodation (9 rooms) + restaurant	Structural, furniture, equipment	Fully operational
Souvenir providers	SV 1 ^F	Souvenir retailer	Structural [^] , stocks	⌘
	SV 2	Souvenir manufacturer + retailer	Structural, machinery, stocks	Sales centre
	SV 3 ^P	Souvenir retailer	No damage	
	SV 4 ^P	Souvenir manufacturer + retailer	No damage	Sales centre
	SV 5 ^F	Souvenir manufacturer + retailer	Structural [^] , equipment, stocks	⌘
	SV 6	Souvenir manufacturer + retailer	Stocks	Sales centre
	SV 7	Souvenir manufacturer + retailer	No damage	Fully operational
	SV 8	Souvenir manufacturer + retailer	Structural [^] , equipment, stocks	⌘
	SV 9	Souvenir manufacturer + retailer	Structural [^] , machinery, stocks	
	SV 10	Souvenir retailer + boat rides	Structural, boats, stocks, equipment	Sales centre
	SV 11	Souvenir manufacturer + retailer	Equipment, stocks	Fully operational
Nature-based enterprises	NR 1	Nature-based enterprise + souvenir retailer	Water tanks, equipment, turtle eggs, research specimens and data	Project
	NR 2 ^P	Photo opportunity enterprise	No damage	Fully operational
	NR 3	Nature-based enterprise + souvenir retailer	Structural, Water tanks, equipment, turtle eggs, research specimens and data	⌘ Project
	NR 4	Nature-based enterprise + restaurant	Boats, furniture	Fully operational

* level of operation as at July 2005.

⌘ completely destroyed by disaster

^P partnership

^F family-run enterprise

[^] damage to residence located at same premises

Except for one family-run business (HS 4), which operated a combined accommodation and restaurant facility, all other family-run businesses were yet to achieve operations. Notably, two of these family-run enterprises (SV 1 and SV 5) were completely destroyed. Of the two single owner enterprises yet to resume operations, one enterprise was completely destroyed (SV 8). Participants perceived partial operations as a compromise in maintaining or losing the business, as indicated previously. In comparison, partial operations were viewed from a different perspective by nature-based enterprises maintaining turtle conservation projects, as expressed by one participant:

...our project is no longer at the level it was before we have restarted on a very small scale... At the moment this project has no source of income... (NR 3)

The conservation aspect of these enterprises was the focus in the decision to achieve partial operations by the nature-based enterprises maintaining turtle conservation projects. In both cases, the participants perceived these primarily as conservation efforts and tourism as a means of sustaining these projects. The need for repairs and restoration of the buildings was found to entail further issues with building materials and labour as experienced by a few participants.

4.2.1.2 Building Materials and Labour

Building material and labour issues were experienced by only three participants in the hospitality enterprises category. Two of these enterprises were partially operational (HS 2 and HS 3), with the other (HS 1) yet to achieve an operational level at the time of the study. Issues relating to building materials and construction included the availability and quality of the materials. Participants indicated that some difficulties had arisen in obtaining building materials due to the high demand that prevailed at the

time. The quality of building materials was found to be of concern to one participant in particular, as indicated in the following statement:

...you can't find very good timber to make doors, you know like frames,...sometimes the wood is not of very good quality so we don't feel like spending a lot of money on it. (HS 1)

A comparison of the three participants with issues of building materials and labour found that, while two of the participants had employed a contractor for the reconstruction, the participant with the issues on the quality of the building materials was a home-stay facility (HS 1) and more involved with the reconstruction of the property.

The issues relating to the labour component included the availability and reliability of the labourers. A similar difference was found between participants employing contractors for reconstruction and the home-stay enterprise. While both participants employing contractors stated that adequate labour was available, the participant with the home-stay facility commented on this issue, stating that:

...sometimes [the workers] keep off because they are tired; also they have enough money...or they have their own things to do so they don't,...keep coming to my house regularly. (HS 1)

The high demand for construction labourers was identified as contributing to these difficulties in three aspects. Firstly, the wide choice of work available was creating difficulties in engaging these labourers. Secondly, due to the increased choice of work, these labourers' earnings had increased considerably, compared to normal conditions in the construction industry. Thirdly, the increased demand resulted in less leisure time for the labourers. Demand for construction workers, as perceived by the

above participant, was further emphasised by another participant, though from a different perspective:

Recently a contractor from Colombo has come and was looking for labourers to work...because they needed to complete some building work.
(SV 6)

The above comment highlights the high demand for labourers in the Galle district at the time and is also indicative of the alternative employment available. This issue will be addressed in more detail under human resource issues. Although the building materials and labour issue was not common to all participants, the furniture and equipment replacement was found to be perceived as significant by many participants.

4.2.1.3 Furniture and Equipment Replacement

Understandably, issues with furniture and equipment replacement were common to all hospitality enterprises. Due to damage to the ground floor of many of these enterprises, most of the furniture and kitchen equipment was lost. As these are essential items in running a restaurant or accommodation facility, these participants perceived this as significant to the business recovery. The following statement is indicative of the sentiments expressed by the hospitality enterprise participants on the issue of furniture and equipment replacement.

Since we lost everything we need to get all our things that are necessary for us to continue with the business... (HS 4)

While appropriate furniture enables the hospitality enterprise to entice and enhance the tourists' experience, furniture was not perceived as important to the other

categories of SMTEs. Conversely, souvenir manufacturers and nature-based enterprises perceived the loss of equipment as more significant to the business recovery. In particular, single owner enterprises and family-run businesses manufacturing souvenirs were facing great difficulty in recovering their business due to the loss of equipment, as expressed by one participant:

None of the tools remained... If we can get a machine, then the tools to carve the masks and things like that because those will cost us a lot. (SV 8)

Notably, this participant had not resumed the business at the time of this study. Similar issues were faced by enterprises in the nature-based category in terms of equipment loss. While the enterprise providing boat rides, though fully operational, had found the replacement of boats a significant issue in the business recovery, replacement of equipment in terms of the turtle conservation projects were equally important. This is emphasised by the following comments made by one nature-based enterprise participant.

Similarly...[the tsunami]...destroyed...water pumps, [which]...we need to fill large tanks to hold the turtle hatchlings, and data collected for research purposes and educating school children. (NR 1)

In particular, the loss of research data accumulated over several years was considered as important to the continuation of the conservation effort. Equally important, as perceived by the participant enterprises, was the availability and standard of the service or product provided to the tourists.

4.2.1.4 Service / Product Availability and Standard

Service / product availability and standard were perceived as key operational issues among the participants. Three noteworthy exceptions to this were the restaurant only facility (HS 5), the undamaged souvenir retailer (SV 3), and the photo opportunity enterprise (NR 2). The restaurant facility had achieved the former level of operation and did not perceive this as an issue. In comparison, the other two exceptions did not perceive any operational issues to affect their business recovery. All accommodation facilities perceived this to be a common issue, identifying this with the lack of rooms available. This was expressed by one participant:

I have only the upstairs rooms and the four downstairs rooms are being done. (HS 3)

In comparison to the above participant, who was able to market at least a limited number of rooms in the interim period, the home stay enterprise (HS 1) experienced a different aspect of this issue, with the available rooms required for personal use. Another perspective of this issue was expressed by another hospitality category participant:

We need to get this done fast...to get the license and the tourist board approval again. We [were] prepared for all of that at the time and...have to get things fixed and get ready for that again from the beginning. (HS 4)

The standard of the hospitality enterprise as identified by this participant was perceived as an issue in terms of retaining the license from the relevant government authority. Service / product availability was perceived by the souvenir providers from a different perspective to the hospitality enterprise category. Manufacturers perceived

this issue in terms of production, while the retailers identified this with adequate stock levels in the sales centres. As expressed by one participant:

...with the capital investment we have to get some stocks, as we have not commenced production yet since there are no machines at the moment...
(SV 2)

In this particular case, the ability to manufacture the product was diminished by the damaged machinery, resulting in the need to purchase stocks for sale during the interim period. Similarly, this participant considered the production lead time as another important factor influencing the business recovery. In comparison, another participant perceived issues of availability differently, as indicated by the following comment:

...now the problem is even though we get the things we have no one to sell it to. (SV 6)

As indicated, this participant identified product availability in terms of the lack of demand. A similar perspective of this issue was in terms of reduced production until the market recovered sufficiently to obtain a return on the investment, as identified by another participant. On the other hand, nature-based enterprises perceived this in terms of obtaining turtles and turtle eggs in the case of the turtle conservation projects, while the boat ride enterprise perceived this in terms of the ability to provide the service to the tourists. As expressed by one of the turtle conservation project participants, this issue was viewed as significant to the recovery.

...we had around 20,000 eggs in the hatcheries in the incubation process...about 90% of these got washed away... and similarly about 5,000 day-old hatchlings were also destroyed... (NR 1)

Further complexities with this issue, as perceived by this participant, were the inability to capture full-grown turtles from the ocean to replace those lost due to the disaster. The findings suggest that, while service / product availability and standard was considered as the most important operational issue by most participants, the underlying perceptions were quite diverse. In comparison, the issue of public utility was found to be perceived as a concern only by the hospitality category participants.

4.2.1.5 Public Utility

Public utility was the last and least common operational issue, with only two participants perceiving this as significant to the business recovery. The views on this, expressed by the two participants, were found to differ. Although fully operational at the time, the restaurant facility enterprise (HS 5) faced significant difficulties due to a lack of water supply. In comparison, the other participant (HS 6) stated that although the water supply was damaged, it had been repaired, and as such, no longer an issue. The findings suggest that this issue was specific to the location of the enterprise (refer Table 4-1).

The above operational issues perceived by the participants were important factors in the business recovery of these SMTes. However, findings indicate that the financial issues faced by these enterprises were perceived to be equally, if not more, important.

4.2 2 Financial Issues

Financial issues were the most common issues perceived by the participants as influencing business recovery. The need for extensive repairs to many enterprises further enhanced the view that financial issues were the most considerable to the business recovery. While it is acknowledged that the monetary value of the financial issues raised are a key factor in the business recovery of the enterprises, this study

focuses on the nature of the financial issues encountered by these enterprises. The nature of the financial issues influencing the business recovery as perceived by the participants, were capital, operational costs, loss of income, loans and debt, and insurance. An overview of the reference made to these issues is presented in Table 4-5 below.

Table 4-5: Enterprise Level - Financial Issues

POST-TSUNAMI BUSINESS RECOVERY						
Enterprise Level – Financial Issues						
Category	SMTE Code	Capital	Operational Costs	Loss of Income	Loans & Debt	Insurance
Hospitality enterprises	HS 1^F	√	√	√		
	HS 2	√	√	√	√	
	HS 3	√	√	√	√	√
	HS 4^F	√	√	√	√	
	HS 5	√	√	√	√	
	HS 6^P	√	√	√	√	
Souvenir providers	SV 1^F	√	√	√	√	
	SV 2	√	√	√	√	
	SV 3^P			√		
	SV 4^P	√	√	√	√	√
	SV 5^F	√	√	√	√	
	SV 6	√	√	√	√	
	SV 7	√	√	√	√	
	SV 8	√	√	√	√	
	SV 9	√	√	√	√	√
	SV 10	√	√	√	√	
	SV 11	√	√	√		
Nature-based enterprises	NR 1	√	√	√		
	NR 2^P			√		
	NR 3	√	√	√		
	NR 4	√	√	√		

^F family-run enterprise

^P partnership

Loss of income was perceived as significant by all participants, with capital and operational costs identified by all but two participants, as issues faced with the

business recovery (Table 4-5). Notable exceptions were the two participants who equally did not perceive operational issues as influencing the business recovery (refer Table 4-2). Loans and debt were also identified as issues by several participants, while insurance was perceived by just three participants as an issue (Table 4-5).

Significant differences between the financial issues faced by the hospitality; souvenir providers; and nature-based enterprises, were not identifiable (Table 4-5). Similarly, the nature of financial issues perceived by participants was not found to differ with enterprise structure (family-run, single owner, or partnership).

4.2.2.1 Capital

All participants perceived capital as the financial resources available to meet the expenses of the enterprise. In particular, issues with capital were related to the availability of capital, loss of investments, and working capital. Firstly, availability of capital was a common issue faced by all participants; the reason for this, as expressed by one participant, was indicative of the common sentiment among all.

...although we earned a lot we also had a lot of expenses. Since the season is for only 6 months the earnings during this period got us through the expenses for the whole year. (SV 1)

As indicated in the above comment, the seasonality of tourism in this region was a significant influence in the availability of capital to the enterprises. Particularly, as the occurrence of the disaster coincided with the start of the tourist season, depleted capital reserves had not been sufficiently augmented. Participants stated that in many cases the assistance from friends and relatives enabled the participants to achieve some level of operation. This was expressed by one participant as follows:

Actually I have been helped by...very good friends of mine and...that's the only reason I can repair because I have no money to. (HS 3)

In comparison, other participants were compelled to manage with personal funds or rely on the goodwill of individuals or donor organisations. A noteworthy exception was one enterprise which had received funds from former guests of the enterprise.

...in my particular case a lot of my guests were trying to contact me...over the internet and...a lot of them sent me money and even now I will be getting some money... (HS 1)

While this was found to be indicative of the level of customer loyalty and host-guest relationship, this aspect was beyond the scope of this study and thus was not pursued further.

Secondly, continued peace and the previous winter season's performance was perceived by participants to suggest the possibility of a successful tourist season in Winter 2004. This sense of hope contributed to decisions on capital investment in terms of accumulating sufficient stocks to meet the demand anticipated, as stated by one participant.

...one of the reasons we got blocked was we decided to stock up by December instead of facing the same situation we did in February last year when we ran out of [products] to meet the demand that month. (SV 2)

Similar comments were made by many of the souvenir providers, indicating the significance perceived in maintaining available stocks of products and raw materials to meet the demand. A hospitality category participant (HS 4) expressed a similar view, with capital investments made in preparation for the Christmas and New Year

season. In comparison, another participant in the hospitality category encountered a more significant loss of an investment.

...the generator which had been bought 2 days before at a cost of Rs 12 lakhs was destroyed... (HS 6)

The significance of the loss of this investment was heightened due to the time frame between inception of the enterprise and the disaster. In this instance the enterprise had commenced operations at the end of 2003 and, having been operational for only one tourist season, the enterprise had very limited financial resources available. However, this enterprise was able to achieve a fully operational level as the extent of damage sustained was less significant (Table 4-4).

Thirdly, issues with capital were also perceived as the ability to meet the day-to-day expenses of the enterprise. Though identified by only five participants of whom three were hospitality enterprises (HS 2, HS 3 and HS 6), and two were souvenir providers (SV 4 and SV 6), this was also considered as significant. Enterprise structures differed among these five, with three single owner enterprises and one each of family-run and partnership enterprises, indicating no identifiable differences. Participants perceiving this as an issue in business recovery were in agreement on the difficulties in meeting the day-to-day expenses of the enterprises. The following comment by one of the participants is indicative of the sentiments expressed by the other four participants.

...I have to pay the water bills, the electricity bills; all that I have to pay even though I have no income at all. (HS 3)

Additionally, the working capital was also perceived in terms of meeting the wage commitments of the employees. This aspect is also identified in the human resource issue, later in this chapter.

4.2.2.2 Operational Costs

Operational costs were perceived by participants as those associated with the operational issues identified previously. As such, repair costs, stock replacement, and raw material purchases were the issues perceived as influencing the business recovery of the enterprises.

Repair costs were found to be diverse, with only two participants citing the higher cost of building materials as an issue. In one case, the participant (HS 3) stated that professional advice with regard to the repair and restoration had been provided free of charge. Another participant perceived the issue of repair costs differently stating:

...I was speaking with my mason because we are making some toilets here of very good quality and...I told him I was feeling quite guilty to spend so much money on the toilets, when there are people [even] without houses... (HS 1)

While this perspective was an exception, the findings indicated that this participant also obtained assistance for the local community. Conversely, other participants perceived this issue in terms of obtaining sufficient funds to meet the cost of repairs. While the hospitality enterprises perceived repair costs as the only operational cost influencing the recovery of the business, souvenir providers perceived stock replacement as equally significant.

Stock replacement was perceived as significant by souvenir retailers and nature-based enterprises in particular. Obtaining sufficient stocks to re-open the sales centres was perceived as a considerable operational cost by the souvenir retailers. Issues perceived in terms of stock replacement related to credit facilities. The lack of credit facilities with suppliers was viewed as influencing the recovery in many cases.

Conversely, the suppliers, as indicated in the following comment, assisted one participant with this issue.

*...some of the suppliers who give me stocks on credit came to see and...because we have formed a good relationship they have given me some more stock on credit...to repay the money once I have sales again.
(SV 10)*

A different perspective of this was perceived by a souvenir provider. In this case, an order awaiting shipment was destroyed by the disaster and the participant felt compelled to replace this order to maintain the enterprise's reputation and customers' trust. As the following comment indicates, this decision had a significant influence on the business recovery.

...a loan was obtained to fulfil these orders once again, at no extra cost to the buyers,...with the bank loan,...we concentrated on replacing the orders, so we have not reopened this shop yet. (SV 9)

Raw material purchases were perceived as equally significant by the souvenir manufacturers, with many stating that this was curtailed due to the reduced demand at the time. Further, as indicated in the following comment, participants perceived that investment in raw materials at that time would be imprudent:

...for [the factory] to work I need to have money to buy the [raw materials], it isn't only the labour charge there... now we can't even hope and borrow...from anyone. (SV 6)

Similarly, nature-based enterprises affected by this were the turtle conservation projects. In this case, the limited financial resources created difficulties in the purchase of turtle eggs. Overall, perceptions of operational costs differed among the

three categories of enterprises to some extent, depending on the product or service provided by the participants. However, an underlying sense of caution was noted among participants in terms of stock and raw material replacement costs due to the unpredictability of the recovery of the market. Operational cost issues were also perceived by participants to be influenced by the capital resources available to the enterprise.

4.2.2.3 Loss of Income

Loss of income was the most common financial issue identified as influencing the business recovery. This was perceived by participants in terms of the closure of business and lack of tourists.

Closure of business was found to be common among all participants regardless of the damage sustained by the enterprise. Participants indicated that, although the enterprise itself had escaped damage, several other factors contributed to the closure of the enterprise. These factors were damaged infrastructure, employees affected by the disaster and the general confusion in the interim period together with the lack of leisure tourists. As commented by one participant:

Well yes lack of business and also the staff was not coming in because we were just...idling... (SV 4)

Although this particular enterprise was not physically damaged, the lack of business and the irregular attendance of employees resulted in the closure of the enterprise over a short time frame. Similarly, enterprises that were damaged were unable to resume operations, even partially, until structural repairs had been completed to an acceptable level. While the closure of the enterprises was in some cases a short time

period the continued drop in tourist arrivals was perceived as significant by all participants. As one participant stated:

... business [has dropped by] 50% compared to before the tsunami actually... (HS 5)

Significantly, the two enterprises (SV 3 and NR 2) that did not perceive any operational issues were found to consider the loss of income as the only issue hindering the business recovery. Despite the difference in the product, several similarities were found in these two enterprises. Both enterprises had no investments in structural assets and were both informal partnerships. The reliance on tourists as the only source of income made both these enterprises vulnerable in the aftermath of the tsunami. The souvenir retailer functioned in an intermediary position as a freelance gem dealer. Though the respondent had no direct contact with the tourists, sales to jewellery stores depended on the tourists' requests. As commented by the participant, the lack of business for the jewellery stores resulted in a lack of business for this enterprise.

...there was no tourism so we lost our contacts, that is how it affected us. That means when there is no tourism we have no way of selling these.(SV 3)

In comparison, the photo opportunity enterprise was a venture that relied on the tourists' sense of novelty and desire for a photo-opportunity. This was an enterprise that had no capital investment, with negligible operational costs, but heavily reliant on tourist numbers for income. Having stumbled across this idea by chance, these participants utilised a perceived opportunity to initially solve their unemployment problem. The lack of tourists and subsequent loss of income were perceived as a significant financial impact by the participant. As stated by the participant:

Before the tsunami we used to live quite well by doing this... after the tsunami... there are no tourists and there are very few locals coming as well and so we are living now with great difficulty... (NR 2)

Though this enterprise had no structural assets, the participant's residence had also been destroyed and as such the loss of income had a direct impact on the living conditions. Despite the difficulty in recognising this as a business per se, the reliance on the tourism industry as the sole source of income, warranted the inclusion of this enterprise in the study.

While the two particular participants mentioned above were found to be exceptional enterprises in comparison to the other participants, the issue of income loss due to lack of tourists was perceived by all participants to affect the business recovery in a similar manner. Though the perception of the closure of business influencing the business recovery was similar among participants the extent to which this continued to influence the enterprises differed according to the level of operation. Another significant aspect of the financial issues as perceived by the participants was loans and debt.

4.2.2.4 Loans and Debt

Loans and debt were perceived as significant by many participants due to the limitations in the capital available to meet the needs of the business recovery efforts (refer Table 4-5). The issue of loans perceived by participants at the enterprise level concerned the ability to obtain loans while debt was considered in terms of outstanding debts and new debts.

Loans were perceived as an issue due to the difficulties arising with obtaining bank loans. While many of the participants identified this issue, the common sentiment

among them was that this was not a viable option available to them for the purpose of the business recovery. The issue that arose with bank loans, as emphasised by one participant, was echoed by many participants.

I went to one of my banks...first they asked me for security for the soft loan...but they said no not the hotel; anything else, I don't have anything else to give as security so I couldn't get it. (HS 3)

In many cases the lack of an alternative property that could be offered as collateral was the key issues faced in obtaining bank loans. This issue was not found to differ among the different enterprise structures or enterprise categories. On the issue of collateral, one participant commented:

...we might have to get someone else's property even and give it as a security... (SV 2)

This alternative, though doubtful, was indicative of the frustrations faced by these enterprises in obtaining the necessary finances to resume their businesses. While the issue of collateral was a common issue among the enterprises that were damaged, one of the participant enterprises that was not damaged but nonetheless suffered due to the loss of income encountered an issue with an existing loan:

We had taken a...loan to complete one of our buildings and when we informed them about this difficulty they said...there was nothing...they can do about that. (SV 7)

Both bank loans and loans from friends and relatives were perceived by several participants in terms of debt. Notably, participants' views differed with some participants considering debt as an added burden influencing the business recovery. In comparison, one participant (SV 8) perceived loans as a nonviable option as the

burden of debt would be passed on to the children, while another participant (HS 4) viewed debts in terms of achieving a fully operational level. One of the participants stated that:

...actually December is only the beginning of the season and at the start we had planned on paying off some more of the remaining debt...but instead we ended up in debt once again. (HS 6)

Notably, this participant perceived debt as an added burden due to the existence of prior outstanding debts. In this particular case, the enterprise had been in operation only since the Winter 2003 season. None of the participants in the nature-based enterprises perceived loans and debt as an issue influencing the business recovery.

4.2.2.5 Insurance

Insurance was found to be the least common issue perceived among participants as influencing the business recovery with only three enterprises identifying this issue. The views on insurance among these three participants were found to be quite diverse, with one participant stating the following:

...we had...no insurance help because they don't insure sea floods. (HS 3)

This issue, which had arisen due to a technicality, resulted in the participant's inability to claim for damages to the enterprise. In comparison, another participant (SV 9) perceived insurance as beneficial by insuring a loan obtained to replace a lost order. The third participant was found to have a very different perspective in terms of insurance as indicated in the following statement.

...we are not insured; also we don't insure... What we feel is whatever things happen is an act of God... (SV 4)

This particular enterprise, as stated by this participant, is operated according to strict religious principles and therefore financial dealings that involve interest payments such as bank loans are not entered into under any circumstances.

Both operational issues and financial issues were perceived as significant enterprise level issues by many of the participants. However, as both these issues influenced the human resources of the enterprise, human resource issues were also perceived by the participants as important to the business recovery.

4.2.3 Human Resource Issues

Human resource issues perceived were redundancy, wage reductions, employee welfare, employee loyalty and employee morale. While these issues were not found to be as common as the operational or financial issues, these were perceived as significant factors in the business recovery by several participants (refer Table 4-2). An overview of the references made to this issue is presented in Table 4-6.

Redundancy was perceived to be common among participants identifying human resource issues as affecting the business recovery. Wage reduction and employee welfare were identified by several participants as issues in the business recovery effort. In comparison, employee loyalty and morale were issues for only a few participants (shown in Table 4-6). The financial constraints of these enterprises, as identified in the financial issues, were perceived by participants as influencing the human resource issues. While operational issues and financial issues were to a large extent determined by the extent of damage sustained by the enterprise, participants perceived human resource issues as a means of alleviating some of the financial

strain. Notably, the reliance of enterprises on employees with specialised skills differed among the enterprise categories.

Table 4-6: Enterprise Level - Human Resource Issues

POST-TSUNAMI BUSINESS RECOVERY						
Enterprise Level – Human Resource Issues						
Category	SMTE Code	Redundancy	Wage Reduction	Employee Welfare	Employee Loyalty	Employee Morale
Hospitality enterprises	HS 1^F					
	HS 2	√	√		√	
	HS 3		√	√		
	HS 4^F	√				
	HS 5			√		
	HS 6^P	√				
Souvenir providers	SV 1^F	-	-	-	-	-
	SV 2		√	√		
	SV 3^P	-	-	-	-	-
	SV 4^P		√	√		√
	SV 5^F					
	SV 6	√	√	√	√	√
	SV 7		√	√	√	
	SV 8					
	SV 9					
	SV 10	√				
	SV 11					
Nature-based enterprises	NR 1					
	NR 2^P	-	-	-	-	-
	NR 3	√				
	NR 4	√				

^F family-run enterprise

^P partnership

4.2.3.1 Redundancy

The issue of redundancy related to the loss of employment by employees in the participant enterprises. Participants perceiving redundancy as an issue influencing the

business recovery had reduced the number of employees in the post-tsunami recovery of the enterprise (shown in Table 4-1). An exception to this, a souvenir provider was facing the imminent loss of skilled employees due to the inability to provide adequate work. The following comment by this participant emphasises this aspect of the issue.

...this [worker] was asking me whether to even go and get some work as a labourer...[he] was telling me 'we are skilled in this work but we can't get enough work... (SV 6)

In this specific case the employee had been with the participant for approximately 10 years and was skilled in jewellery making. The loss of this worker as viewed by the participant would have significantly influenced the recovery of the business. Similarly, the high demand for construction labourers was also perceived by this participant to be an issue due to the possibility of skilled employees pursuing other avenues of employment. In comparison, damage and subsequent financial constraints resulted in job losses in several enterprises. As perceived by another participant:

...this was completely destroyed and ...there were about 6 people working here and they have all lost their jobs now... (NR 3)

Although the enterprise had achieved a partial operational level, the lack of a source of income and the complete destruction of the enterprise resulted in job losses to all employees. Significantly, despite two participant enterprises (HS 6 and NR 4) achieving a fully operational level, no changes had been made to increase the employee numbers to the former level. The financial constraints were identified by these participants as contributing to this issue. Additionally, two of the participants (HS 4 and SV 10) that operated boat ride enterprises as supplementary enterprises, had also made significant reductions in employee numbers. In both these cases the lack of financial resources and the loss of boats contributed to the reduction in employee numbers.

While the damage sustained by the enterprises and the loss of income were perceived by participants as contributing to the issue of redundancy, wage reductions were associated with the lack of tourists.

4.2.3.2 Wage Reductions

Wage reductions were associated with the loss of service charge or sales commission due to the lack of tourists in the post-tsunami recovery phase of the enterprise. Employee wages were generally supplemented by the service charge or sales commissions. Notably, only the hospitality enterprises and souvenir providers perceived wage reductions as an issue. Participants in the hospitality enterprise category stated that employee wages had changed to a fixed wage subsequent to the tsunami. This view expressed by one of the participants was also shared by the other hospitality enterprise participant.

...we have to pay the wages but even that is not the same as before; unlike those days the wages are now limited to a fixed wage. (HS 2)

Another perspective of this as perceived by one of the participants was in terms of the lack of financial resources to pay employees the full wage. Despite the lack of work and income, wage payments were a regular expense for the enterprise. As indicated in the following comment, partial payment of wages was one way in which this issue was resolved.

...though we paid them for the two months they lost their employment [the wages were] partially paid... (SV 4)

By making partial payment of wages this enterprise was able to avoid reducing the employee numbers. On the other hand, some participants perceived the issue of wage reductions and loss of work in terms of employee welfare.

4.2.3.3 Employee Welfare

Employee welfare was perceived by participants as an issue affecting the business recovery for diverse reasons. Two participants (HS 5 and SV 7) stated that they had tried to obtain assistance for the employees due to difficulties in meeting the wage payments but had not got any response from the relevant authorities. This view is expressed by one of these participants.

I personally wrote to [the relevant authority] saying we are having difficulty in paying the wages of our workers and if possible for them to assist our workers but I haven't got any reply from them. (SV 7)

Another aspect of employee welfare perceived by one participant was in negating the effect of the fixed wage through flexible work arrangements, as indicated by the following statement:

...I know they have to live so if I go and stop them at a time like this how are they going to exist...whenever a mason wanted a helping hand I would allow them to go and work...so that they have a little extra income. (HS 3)

Other participants perceived employee welfare in terms of maintaining pre-tsunami staff levels and continued wage payments during the closure of the enterprise. While concern for employee welfare is likely to foster employee loyalty, only three participants identified issues in this respect.

4.2.3.4 Employee Loyalty

Significantly, employee loyalty was not perceived as an influence on the business recovery by many of the participants. While two of the souvenir providers (SV 4 and SV 6) identified this as an issue in the business recovery, both these enterprises relied heavily on the availability of skilled labour to manufacture the products. In both cases the employees had been with the enterprise for an extended number of years. In comparison, the hospitality enterprise did not require such highly skilled employees. On the issue of employee loyalty, a hospitality enterprise participant made the following comment:

...at the moment we are not working with a view of earning wage;, it is more in terms of rebuilding the business together. (HS 2)

As indicated above this enterprise considered employee loyalty to facilitate the successful recovery of the enterprise. In comparison to employee loyalty, employee morale was viewed as significant by a smaller number of enterprises.

4.2.3.5 Employee Morale

Both participants identifying employee morale as an issue were in the souvenir providers category and perceived the lack of tourists as a key contributory factor. One participant, emphasising the change in employee spirits, expressed the following:

...now it's boring for [the employees]; now they have to force themselves to smile at one another; earlier it was not so. (SV 4)

Human resource issues were found to be perceived as influencing the business recovery of the enterprises primarily in terms of wage reductions and loss of

employment as indicated in Table 4-6. Comparatively issues such as employee welfare, employee loyalty and employee morale were found to be less common. Notably, participants in the souvenir providers category were found to be more concerned with this issue suggesting that the skills of the workers were an important factor to the business recovery. The findings further suggest no significant differences exist between the different enterprise structures in terms of the human resource issues faced by the participants.

4.2.4 Personal Issues

Personal issues were perceived by participants as influencing the business recovery at the enterprise level. While this was not found to be a common factor among participants, issues identified by those participants perceiving this as an influence included, financial constraints, other commitments, lifestyle and priorities. Table 4-7 provides an overview of the reference made to these issues by the participants.

4.2.4.1 Financial Constraints

Financial constraints perceived as influencing the recovery of the enterprise consisted of issues relating to the participant's family. Significantly, these participants were from all three categories of enterprises, and included family-run, single owner and partnership enterprises, suggesting that the category or enterprise structure was not associated with this issue. The following comment expressed by one participant was similar to comments made by the other participants.

I have two small children as well and what was in the banks is also needed for our survival now... (SV 10)

Table 4-7: Enterprise Level - Personal Issues

POST-TSUNAMI BUSINESS RECOVERY					
Enterprise Level – Personal Issues					
Category	SMTE Code	Financial Constraints	Other Commitments	Lifestyle	Priorities
Hospitality enterprises	HS 1^F		√		
	HS 2		√		
	HS 3			√	
	HS 4^F	√			
	HS 5				
	HS 6^P	√			
Souvenir providers	SV 1^F			√	
	SV 2				
	SV 3^P				
	SV 4^P				
	SV 5^F				√
	SV 6				
	SV 7				
	SV 8				√
	SV 9				√
	SV 10	√		√	
	SV 11				
Nature-based enterprises	NR 1				
	NR 2^P	√		√	
	NR 3				
	NR 4				
^F family-run enterprise				^P partnership	

4.2.4.2 Other Commitments

Participants identified this issue as arising due to commitments other than the family or enterprise. While this issue was found to be community related in both cases the manner in which they influenced the business recovery differed. In one case (HS 2), the participant was a member of a community organisation and had put the financial needs of the community ahead of the enterprise, while the other, though somewhat

similar, was perceived by the participant to influence the building repairs as indicated in the following statement:

...I am the president of the committee there, so...my workers are working there for the last three days, so that means [my repairs] go back three days... (HS 1)

In both cases this issue was found to have some degree of influence on the business recovery of the enterprise. Notably, the latter participant had not yet achieved an operational level while the other participant had achieved a partially operational level.

4.2.4.3 Lifestyle

Lifestyle was found to be similar to financial constraints with an equal number of participants indicating this as influential in the business recovery. Participants perceived that they would be unable to make a change in their livelihood due to the lifestyle that tourism related enterprises offer. In one particular case, the choice of livelihood was influenced by the participant's lifestyle, as indicated by the following comment:

...we have always been living close to the sea...we are from fishing families and...we needed to find some sort of employment and this was an opportunity to earn a living... (NR 2)

This particular participant earns a living by leaping off the rampart (Dutch Fort) into the sea, thus providing a unique photo opportunity to tourists. In another case, the participant (HS 3) was a retiree and the lifestyle of a tourism related enterprise was found appealing. The emphasis on retaining this lifestyle suggested that the participant was more determined to recover the business.

4.2.4.4 Priorities

Priorities, identified by a few participants, related to the issue where the participant had to make a conscious choice between family and enterprise related issues. While the loss of both the enterprise and residence, understandably, resulted in two participants (SV 5 and SV 8) giving priority to rebuilding the residence, the other participant identifying the children as a higher priority, stated that:

...my most serious problem is with the house because my...children...are afraid now even to look at the sea... My wife and I will...be left in a distressing situation if our children's mental health is harmed in any way due to this. (SV 9)

Although this enterprise had suffered some structural damage the impact of the tsunami was greater due to the loss of a family member. Despite priorities differing to some extent between participants, the influence on the recovery of the enterprise remained similar. Notably, in all three cases the participants expressed a determination to continue the enterprise.

4.2.5 Opportunities

While many of the issues identified previously were associated with delays in the recovery process, some participants had perceived opportunities that would aid the business recovery. Though not a common factor among all participants, and not limited to any specific category or enterprise structure, these opportunities were based on viewing the tsunami as an attraction. The methods used by all participants were easily observable by all visitors to the enterprise. One exception to this was one participant who suggested the organisation of a memorial service to commemorate those lost during the disaster, as indicated in the following comment.

...maybe if we have something like a special service or mass and a gathering to lay flowers...when the time is right I will do something, maybe on the beach, maybe have all the religions,...and pray,...or even just observe a minute's silence... (HS 1)

As indicated in the above comment the opportunity envisaged was not solely limited to the participant's enterprise. Another perspective of the opportunity was that the tsunami may act as an attraction, by encouraging those curious about the impact to travel to the destination. On a similar but slightly different angle of this same perspective, three other participants were observed to have made some form of display related to the impact of the tsunami. Two enterprises had made simple yet effective displays. In one enterprise (SV 2) a simple line on a wall identified the level to which the water had risen in the premises, while in the other (NR 1) a tank used for turtle conservation had been identified and maintained in the state in which it was left after the tsunami.

The third display, observed in a hospitality enterprise, was the prominent display of the remainder of a door which had enabled the participant survive the disaster. Next to this was a plaque describing the experience of the participant. The strategic placement of the remaining piece of door and the plaque were observed to be an ingenious method of promotion for the enterprise.

The issues identified above were those perceived by participants to arise from the internal environment of the enterprise. As these enterprises do not function in isolation from the external environment several issues were also perceived to arise from the different levels of the external environment of the SMTEs.

4.3 Industry Level Issues

Industry level issues identify those issues that arise due to the influence of other industry stakeholders, which in the context of this study comprised private sector organisations providing products / services for the exclusive or primary use by tourists. An overview of the participants influenced by these issues is presented in Table 4-8 (refer Appendix XI for detailed version).

Table 4-8: Industry Level Issues

POST-TSUNAMI BUSINESS RECOVERY				
Industry Level Issues				
Category	SMTE Code	Other Stakeholders	Affiliation & Collaboration	Supplier Network
Hospitality enterprises	HS 1 ^F	√	√	
	HS 2	√	√	
	HS 3	√	√	
	HS 4 ^F	√		
	HS 5	√		
	HS 6 ^P	√	√	
Souvenir providers	SV 1 ^F	√	√	√
	SV 2	√	√	
	SV 3 ^P			√
	SV 4 ^P	√	√	
	SV 5 ^F		√	√
	SV 6	√		
	SV 7		√	
	SV 8			√
	SV 9			
	SV 10			√
	SV 11	√		
Nature-based enterprises	NR 1	√	√	√
	NR 2 ^P	√		
	NR 3	√	√	√
	NR 4		√	

^F family-run enterprise

^P partnership

.Issues perceived by the participants influencing the business recovery at this level included the influence of other industry stakeholders, affiliations and collaboration and supplier networks. Industry level issues were found to be common to all participants with many perceiving issues arising from other stakeholders as influencing the business recovery. Other stakeholders include a variety of enterprises providing a diverse range of products / services for the tourists consumption. The relationships that exist between participants and other stakeholders and the degree of influence exerted differ among enterprises.

Similarly, a significant proportion of the participants perceived issues arising due to affiliations and collaboration as also influential to the business recovery process of the enterprise. In comparison, issues arising from supplier networks were perceived by participants in the souvenir provider and nature-based enterprise categories (shown in Table 4-8).

4.3.1 Other Stakeholders

Other stakeholders consisted of both intra-regional and inter-regional private sector stakeholders within the tourism industry of Sri Lanka. Issues affecting the business recovery perceived as arising due to other stakeholders were found to be common to all hospitality enterprise category enterprises. Similarly, both turtle conservation projects categorised within the nature-based enterprise category, were also found to perceive issues with other stakeholders as influencing the recovery of these enterprises. Issues relating to other stakeholders were based on the participant's view of the advantage or disadvantage arising from other stakeholders in the business recovery of the enterprise. An overview of this is presented in Table 4-9.

Table 4-9: Industry Level - Other Stakeholder Issues

POST-TSUNAMI BUSINESS RECOVERY			
Industry Level – Other Stakeholder Issues			
Category	SMTE Code	Intra-regional	Inter-regional
Hospitality enterprises	HS 1 ^F	Disadvantage	Disadvantage
	HS 2		Advantage
	HS 3	Neither	
	HS 4 ^F	Advantage	
	HS 5	Advantage	
	HS 6 ^P	Both	
Souvenir providers	SV 1 ^F	Neither	
	SV 2		Disadvantage
	SV 3 ^P		
	SV 4 ^P	Advantage	
	SV 5 ^F		
	SV 6		Disadvantage
	SV 7		
	SV 8		
	SV 9		
	SV 10		
	SV 11	Advantage	
Nature-based enterprises	NR 1	Disadvantage	
	NR 2 ^P	Advantage	
	NR 3	Advantage	
	NR 4		

^F family-run enterprise ^P partnership

Interestingly, two participants viewed other intra-regional stakeholders as neither an advantage or a disadvantage to the business recovery process (shown in Table 4-9). In particular, one of these participants who viewed other stakeholders in terms of competitiveness made the following observation:

I think it also depends on the owners of the place to make the place attractive enough to make people to want to come. (HS 3)

In this context, it is noteworthy that this particular participant had perceived an opportunity by prominently displaying a plaque and a souvenir of the tsunami as an attraction, as previously identified at the enterprise level. Inter-regional stakeholders, on the other hand, were considered to be neither an advantage nor a disadvantage by a hospitality category participant. In this case, the participant viewed the monsoonal rain pattern, which affects the eastern coast during the winter tourist season, as influencing the tourist's choice of beach destination rather than the choice of hotels in the region.

Several participants perceived other intra-regional stakeholders to be advantageous in the business recovery process. Commenting on this, one participant stated that:

...there are a lot of hotels along the beach that's my main [market]...
(HS5)

In this case, the participant was a restaurant only facility and relied on tourists from hotels in the locality. Emphasising this the participant perceived the damage to and subsequent closure of hotels in the locality to have resulted in a 50% drop in income. A different perception of this, as expressed by another participant (HS 4), was that a mixed product of stakeholders, providing accommodation ranging from upmarket to budget standards, made the destination more appealing due to the wider choice. On a similar note, participants who perceived other intra-regional stakeholders as an advantage to the business recovery, expressed concern that the lack of accommodation in the region was impeding the recovery of the enterprises. In comparison, the inter-regional stakeholders were viewed as advantageous by only one participant, who made the following comment:

...with us it is usually travel parties. Travel parties generally tend to stay about 1 or 2 days depending on their beach stay...and include [our hotel] as part of their tour. (HS 2)

Participants' perceptions of intra-regional stakeholders as disadvantageous to the business recovery process were found to differ. One participant operating a turtle conservation project expressed the following concerns:

Some people like to do this for tourism purposes and then abandon them due to lack of funds while some others...end up doing illegal things and then abandon them... That is why I said that we have difficulties in obtaining aid. (NR 1)

Difficulties in obtaining financial assistance due to the negative image portrayed by conservation projects with questionable objectives were identified as the basis for this perception. In comparison, the other participant (HS 1) viewed both intra and inter-regional stakeholders as a disadvantage. This participant perceived intra-regional stakeholders in terms of illegal constructions on the beach obstructing public access, and larger charter group hotels 'prison camps' and as such disadvantageous. On the other hand, this participant's perception of inter-regional stakeholders as disadvantageous stemmed from the potential loss of market share.

Notably, one participant viewed intra-regional as both an advantage and a disadvantage to the recovery of the enterprise. This participant identified the greater exposure of the enterprise, to the target market, due to intra-regional stakeholders in terms of an advantage. In comparison, the larger variety of hotels in other beach locations was perceived as a disadvantage to the recovery process.

The issue of other stakeholders was found to be perceived differently by participants, with many identifying intra-regional stakeholders as an advantage to the business recovery. While the delayed recovery of other stakeholders in the region was found to be a concern among many participants, some participants also perceived issues as arising from affiliations and collaborations with other stakeholders in the industry.

4.3.2 Affiliation and Collaboration

Affiliation and collaboration issues perceived by participants related to the influence of commission based sales, travel agents / tour operators and local travel trade associations on the business recovery. Table 4-10 presents an overview of the reference made to these by the participants.

Table 4-10: Industry Level - Affiliation & Collaboration

POST-TSUNAMI BUSINESS RECOVERY				
Industry Level – Affiliation & Collaboration Issues				
Category	SMTE Code	Sales Commissions	Travel Agents / Tour Operators	Local Travel Trade Associations
Hospitality enterprises	HS 1 ^F			√
	HS 2			√
	HS 3		√	
	HS 4 ^F			
	HS 5			
	HS 6 ^P		√	
Souvenir providers	SV 1 ^F	√		
	SV 2	√		
	SV 3 ^P			
	SV 4 ^P	√		
	SV 5 ^F	√		
	SV 6			
	SV 7	√		
	SV 8			
	SV 9			
	SV 10			
	SV 11			
Nature-based enterprises	NR 1	√		
	NR 2 ^P			
	NR 3	√		
	NR 4		√	

^F family-run enterprise

^P partnership

Sales commission issues as perceived by the participants were found to be common to participants in the souvenir providers and nature-based enterprise categories only. Similarly, issues relating to travel agents / tour operators and local travel trade associations were mainly perceived by participants in the hospitality category.

4.3.2.1 Sales Commissions

Sales commissions to tour guides and transport providers are payable in cash and at the time of the sale. This issue was perceived by participants in the souvenir providers and nature-based enterprise categories as either a positive or negative influence on the business recovery. Many participants expressed that sales commissions to tour guides or transport providers acted as an incentive for them to promote visits to these enterprises. However, some participants perceived difficulties arising due to a lack of standardisation of the commission rates among other industry stakeholders. Emphasising this, one participant stated that:

...we give a reasonable commission...[but] in [some] places the guides are given a 40 - 50% commission... (SV 2)

The varying commission rates as indicated above created a further difficulty for enterprises relying on sales as the main source of income. Similar issues were identified by both the nature-based participants who perceived the sales commission as influencing the tour guides decision to include visits to these enterprises.

4.3.2.2 Travel Agents / Tour Operators

Notably, a few participants viewed the relationship with travel agents / tour operators as beneficial to the business recovery of the enterprise. The added promotion obtained

through travel agents / tour operators was perceived as the benefit derived to the enterprise, as expressed by one participant.

...we have an English tour operator and now we also have a German tour operator...who promote our business... (HS 6)

Conversely, the other hospitality participants stated that they relied solely on word-of-mouth, location and websites as their preferred methods of promotion.

4.3.2.3 Local Travel Trade Associations

Several travel trade associations, which comprise members from various sectors of the tourism industry, operate within Sri Lanka. In particular, several associations formed with various objectives by hoteliers and small hotel owners also operate in this district. Membership in these is completely voluntary and at the enterprise owner's discretion.

Participants identifying this as an issue expressed opposing views as to the benefits of these associations to the business recovery of the enterprise. One participant (HS 2), perceived benefits to arise due to the collaborative efforts in maintaining and clearing the beach environment. In comparison, the other participant regarded trade associations in a negative perspective due to the questionable objectives of some associations, stating that:

...most of us have not joined this association because...we had a coastal resources management project going on...[and] it was decided to keep a margin on the beach... most of [the enterprises]...inside this...immediately formed an association to fight this... (HS 1)

As indicated in the above statement, the benefits derived by this association were limited to a select few and were not in the common interest. These constructions were also perceived as restricting public access to the beach in the locality. Therefore, local travel trade associations were perceived as beneficial to the extent that the activities were for the common good of all stakeholders in the locality. However, if the objectives of these associations were questionable they may have a negative influence on the business recovery of other enterprises in the locality.

4.3.3 Supplier Network

Significantly, supplier network issues were perceived by souvenir providers and nature-based enterprises. The reliance of these enterprises on the suppliers was perceived by the participants as influential on the business recovery process.

While all participants perceiving this issue were in agreement that the supplier networks had been affected due to the closure of the enterprises, some of the participants encountered further difficulties in terms of credit facilities provided by the suppliers. As identified in the stock replacement issue, participants perceived difficulties in obtaining stocks due to a lack of credit facilities. However, the relationship with the supplier and the ability to negotiate credit facilities were perceived as a significant influence on the enterprises' ability to resume business.

Similarly, the nature-based enterprise participants maintaining turtle conservation projects also stated that the relationship that existed with the community was important to the recovery of these projects. In this case, the supplier network consisted of the local community, from whom these projects purchased turtle eggs. Due to the closure of these projects and the loss of income one of the participants expressed concern that the local community may return to the former habits of consuming these eggs, thus affecting the conservation effort. Emphasising this view, this participant stated that:

...our avenues of income have also reduced and...it is difficult but we are trying to do this continuously. Because we don't want to lose...the turtle egg collectors because otherwise they will go back to their bad habits again. (NR 1)

Elucidating this further, the participant stated that development of the supplier network had required the education of the local community over several years on the need to conserve these turtles.

Industry level issues perceived by the participants to influence the business recovery were associated with other private sector stakeholders in the tourism industry. though issues were found to differ to some extent among the categories, no differences were apparent among the enterprise structures. Similarly, participants perceived issues arising from the government level such as policy and regulations to have a significant impact on the business recovery of the enterprise.

4.4 Government Level Issues

Several issues that emerged throughout the study were that of the influence of the government. The role of the government in the tourism industry and in the post-tsunami relief efforts were identified by participants as influencing the recovery of the enterprise. In particular, many participants identified post-tsunami policies implemented by the government as impeding the repair and restoration of the enterprises.

Government level issues identified by participants included issues relating to the government's role as co-ordinator, source of policy and regulation, source of relief assistance and the Sri Lanka Tourist Board (SLTB) as an agency of the government.

An overview of issues perceived by participants and the reference made to these is presented in Table 4-11 (refer Appendix XII for detailed version).

Table 4-11: Government Level Issues

POST-TSUNAMI BUSINESS RECOVERY					
Government Level Issues					
Category	SMTE Code	Co-ordinator	Policy & Regulation	Relief Assistance	SLTB
Hospitality enterprises	HS 1*	√	√	√	√
	HS 2◇	√	√	√	√
	HS 3*		√	√	√
	HS 4*	√	√	√	√
	HS 5*	√	√	√	
	HS 6◇	√	√	√	√
Souvenir providers	SV 1	√	√	√	√
	SV 2◇	√	√	√	
	SV 3			√	√
	SV 4*◇			√	√
	SV 5			√	√
	SV 6◇	√		√	√
	SV 7*	√		√	√
	SV 8◇			√	
	SV 9◇	√	√	√	
	SV 10		√	√	
	SV 11			√	√
Nature-based enterprises	NR 1◇	√	√	√	√
	NR 2			√	
	NR 3◇	√	√	√	
	NR 4◇	√		√	√

* indicates enterprises registered with the SLTB

◇ indicates enterprises registered with other relevant government authorities

The role of co-ordinator was perceived by several participants in terms of the efficiency in the relief efforts and the disaster response. Participants identified the government's role as a source of policy and regulation in terms of tourism related policy, the post-tsunami disaster management and coastal conservation policies. The issues perceived by participants in the government's role as a source of relief

assistance were the most common, with all participants identifying these as influencing the recovery of the enterprise. These issues were in terms of the special tsunami relief loans and allowances provided to victims in the aftermath of the disaster.

Several participants also perceived issues relating to the SLTB in its role as an agency of the ministry of tourism. Issues such as planning and development, and marketing and promotion efforts of the SLTB were identified as influencing the business recovery process. Some participants also identified several other issues arising at a government level which were perceived as influencing the recovery of the business.

4.4.1 Government as Co-ordinator

In the role of government as co-ordinator participants perceived issues in the government's efficiency in the disaster response and co-ordination of relief efforts and internal co-ordination among various government bodies to influence the recovery of the business.

4.4.1.1 Disaster Response Efficiency

Several participants perceiving this as an issue were of the view that the government's efficiency in the disaster response was not on par with that of the foreign relief workers. Emphasising this view one participant stated that:

All that work was done quite fast and if we didn't have any tourists here this work wouldn't have happened so soon; they were the ones who worked really hard. (HS 4)

Several other participants also shared a similar view and perceived the quick response by the foreign relief workers as aiding the business recovery efforts. In comparison, another participant criticised the response given to SMTEs, stating that:

...in these situations [the government or even other private organisations] should come and evaluate the destruction and help that person to re-establish his business... (SV 9)

The lack of an evaluation of the damage suffered by small enterprises such as the participant's was perceived as a lack of response from the government and other relief organisations. In the participant's opinion, this was an indication of the lack of assistance available for the recovery of SMTEs. A comparison with Table 4-4 indicates that this enterprise was not operational at the time suggesting that this may have influenced the business recovery. Emphasising the lack of response, another participant (HS 2) stated that they were yet awaiting a response to requests made for assistance in clearing debris in the sea.

Findings suggest that participants perceived the lack of efficiency in the disaster response to have dissimilar influences on the recovery effort. In comparison, relief efforts co-ordinated by the government were viewed by participants to have a similar influence on the recovery efforts.

4.4.1.2 Relief Effort Co-ordination

Co-ordination of relief efforts on both the local government and state government level were perceived as inadequate by several participants. Elaborating on this, one participant stated that:

...there was only one provincial secretary for this area...so this became a big confusion with a lot of people and tourists and private sector people...a lot of [people] left without being able to assist. (HS 4)

As indicated by this statement, the local government official was perceived as a key factor in the co-ordination of the relief efforts. Sharing a similar perspective several other participants stated that the lack of co-ordination hindered both the enterprise and community recovery. The internal co-ordination among various government departments and agencies was also perceived to have an influence on the recovery of the enterprises.

4.4.1.3 Internal Co-ordination

Commenting on the lack of co-ordination among the various government bodies one participant commented that:

...at times the government says one thing, these other departments say another thing so we have continued with our work instead of getting caught up in the middle of all this... (HS 2)

Though the lack of internal co-ordination was viewed as influencing the recovery effort, this participant had managed to achieve a partial level of operation at the time of the study. Internal co-ordination was more important to the nature-based enterprise categories as emphasised by one participant.

...there are several government institutions that are connected...the fisheries department, wildlife conservation authority and...it is under the sanction of their officials as well, in terms of conservation. (NR 4)

The need to consult each government body individually was perceived as a further hindrance to the recovery effort. On a positive note, another participant in the nature-based enterprise category (NR 1) perceived the 'National Action Plan' developed after the tsunami with the Wildlife Department and tourism industry as conducive to better co-ordination among these government bodies. While some participants perceived the government's role as co-ordinator as delaying the recovery efforts, the government's role as the source of policy and regulation was perceived to have more long-term implications.

4.4.2 Government as Source of Policy and Regulation

Post-tsunami policies and regulations were perceived by participants as influencing the business recovery. As a coastal conservation and disaster prevention measure the government enforced a 100 m buffer zone along the coastal belt of the southern region and a 200m buffer zone in the Northern and Eastern coastal belts. Further, the government stated that reconstruction of existing buildings damaged by more than 40% of the value located within the buffer zone will not be authorised (Official 1, pers. com.). This policy was later amended allowing SLTB registered hotels and other tourism related businesses to rebuild, within the buffer zone, subject to meeting certain conditions (Gamage, 2005).

Many of the participants located within the buffer zone stated that they had been advised against rebuilding in the same location. Comparisons among the formal and informal enterprises indicate no identifiable difference in the influence of the policy and implementation issues, suggesting no obvious benefits to the formal enterprises.

Conformance was an issue associated with the post-tsunami policy, with participants reluctant to relocate as they perceived this in terms of losing their business. A participant located within the buffer zone emphasised this, stating that:

...because of the 100m problem that has come up we thought we might have a problem to rebuild and we can't lose this business so we made this up to this level... (HS 4)

This view was shared by several other participants, who had also achieved a partial level of operations in a bid to maintain the enterprise in the present location. Significantly, two participants in the nature-based enterprise category perceived this policy to have a more significant impact on the turtle conservation efforts. These participants viewed the 100m restriction as influencing the recovery of the conservation projects. As expressed by one of these participants:

I believe even the government is...considering this 100 m zone at the moment and I have also queried...as to how this zone will affect the turtle hatchery. (NR 1)

This participant stated that the need to be in close proximity to the beach and the ability to obtain sea water for the tanks were the main cause for concern with regard to this policy. The implications of this policy were also perceived by participants in terms of obtaining relief assistance from the government.

4.4.3 Government as Source of Relief Assistance

In comparison to the government's role as co-ordinator and source of policy and regulation, all participants perceived the government as a source of relief assistance as significant to the recovery of the enterprise (Table 4-11). Table 4-12 provides details of relief assistance available from the government and a chamber of commerce that acts as an intermediary between the government and private sector enterprises.

Table 4-12: Government Level Issues - Relief Assistance Available

POST-TSUNAMI BUSINESS RECOVERY			
Government Level Issues – Relief Assistance Available			
	OFFICIAL 1	OFFICIAL 2	OFFICIAL 3
ROLE OF GOVERNMENT BODY / ORGANISATION	- Policy & Regulatory body	- Policy implementation - Registration & Training - Collaboration with international organisations - Co-ordination with other government bodies - International marketing & promotion	- Intermediary with government & private sector - Business management training
RECOVERY EMPHASIS	- Initially Formal sector - Subsequently Informal sector included	All stakeholders	All small, medium & large enterprises
CONSEQUENCES	Loss of livelihood	Loss of livelihood	Negative - Loss of livelihood - Loss of stock Positive - High demand for labour
ASSISTANCE AVAILABLE	Formal sector - duty free concessions for refurbishment - loan for Rs 20 m max.	Formal sector - duty free concessions for refurbishment - loan for Rs 20 m max. SMTes - foreign aid - forum for discussion	Government - loans - tsunami relief payments - building reconstruction Chamber - foreign assistance - NGO assistance - Loans officer
CONDITIONS OF ASSISTANCE	Duty free concessions - formal sector Loan - > 40% damage - only for repairs to existing building	Duty free concessions - formal sector Loan - > 40% damage - only for repairs to existing building	Membership Identification - local government authority certification
ALTERNATIVES	- Relocate - Tourism project approval**	- Relocate - Tourism project approval**	Tsunami assistance to non-members

**policy pending cabinet approval

Despite the emphasis given by the government regulatory body to formal enterprises registered with the SLTB (Table 4-12), participants registered with the SLTB stated that this had not provided any benefits in terms of business recovery assistance. One participant emphasised this issue stating that:

...we of course are registered and things but even then we have no assistance either. (SV 7)

This sentiment was echoed by all participants stating that they had been unable to obtain any financial assistance from any government sources. Two participants identified difficulties with obtaining relief assistance for employees to compensate for the loss of income during the closure of the enterprise. As emphasised by one participant in the following statement, these requests had gone unheeded by the government authorities.

Even my people who are working here...didn't get...the [relief allowance]. [B]ecause I closed for 2 months to rebuild the place, I requested from the provincial council but they didn't care... (HS 5)

On a slightly different aspect of this issue a participant encountered difficulties in obtaining the necessary financing to relocate the business as indicated by the following statement.

...when I spoke to [the bank]...[they said] that [they] have to see if there is a provision like that for somebody to build somewhere else...now what they are doing is giving help to build in the same place... (HS 1)

In this case as stated by the participant the difficulty to obtain the tsunami relief bank loan was due to the inflexibility of the assistance provided. Significantly, the inability to receive any financial assistance was common to both formal and informal

enterprises indicating no distinctive benefits to the formal sector. Several participants also stated that they had received some material assistance in terms of equipment from some government sources. However, these participants stated that this assistance was inadequate to operate the enterprise. One participant emphasised this issue by stating that:

Until now the government has only given us one of the lace making pillows; that is all. (SV 5)

This particular enterprise is a family-run enterprise that produces a traditional hand-made lace. Four family members are engaged in making the lace with each requiring a separate lace making pillow. As stated by another participant producing the same products, this is a time consuming craft and requires the combined effort of several skilled persons to produce larger items such as tablecloths.

The above comments suggest that participants perceived the relief assistance as inadequate to meet the needs of the business recovery process. Additionally, the lack of tourists was a growing concern among many participants, who perceived this as a further impediment to the business recovery.

Business recovery assistance available from government sources to enterprises in the tourism sector was found to be more conducive to the recovery of the hotel sector (refer Table 4-12). Significantly, the financial assistance available to the formal sector as indicated in Table 4-12, has been unobtainable by the enterprises as suggested by the findings. The Chamber of Commerce operated by the private sector, as indicated in Table 4-12, provides a wider range of services that would assist with the business recovery of these enterprises. However, none of the SMTEs were found to have taken advantage of this facility.

4.4.4 Sri Lanka Tourist Board (SLTB)

The Sri Lanka Tourist Board is an agency of the Ministry of Tourism in Sri Lanka and is primarily the policy implementation and registration body of the Ministry. In addition to this, the SLTB is also the Destination Marketing Organisation for Sri Lanka. Marketing and promotional efforts are carried out in collaboration with several private sector organisations (Official 2, pers. com.). Table 4-13 below provides an overview of the reference made to SLTB issues.

Table 4-13: Government Level - SLTB Issues

POST-TSUNAMI BUSINESS RECOVERY						
Government Level – SLTB Issues						
Category	SMTE Code	Bias	Marketing & Promotion	Planning & Development	Registration & Licensing	Other Issues
Hospitality enterprises	HS 1 ^F	√	√	√		
	HS 2		√	√	√	
	HS 3		√			
	HS 4 ^F	√		√	√	
	HS 5					
	HS 6 ^P	√			√	√
Souvenir providers	SV 1 ^F					√
	SV 2					
	SV 3 ^P		√			
	SV 4 ^P		√			
	SV 5 ^F					√
	SV 6		√			
	SV 7		√			√
	SV 8					
	SV 9					
	SV 10					
	SV 11		√			
Nature-based enterprises	NR 1		√			
	NR 2 ^P					
	NR 3		√			
	NR 4		√	√		

^F family-run enterprise

^P partnership

Issues relating to the SLTB were identified among most of the participants, with marketing and promotion as the most common. In comparison, issues of bias and registration and licensing were perceived as significant by participants in the hospitality enterprises category. Planning and development was also more common to participants in the hospitality enterprises category with only one participant (NR 4) in the nature-based enterprise category identifying this as an issue. Participants also identified several other issues related to the SLTB as important.

4.4.4.1 Bias

Several participants perceived a certain degree of bias towards the larger charter group operators, as influencing the recovery of the enterprises. One of the issues cited in this connection was easy availability of concessions and bank loans to larger charter group operators. Echoing this view of bias another participant stated that:

Sri Lanka is depending on two [types of] tourism, one is the charter groups...and the others are the individuals and the tourist board (SLTB) don't like the individuals they think they are not the type of tourists who should come to Sri Lanka. (HS 1)

The southern beach was initially popular among low budget travellers who were individual (FIT) tourists. With the development of the tourism industry, the larger hoteliers and tour operators gained more prominence due to the large volume of tourist groups (GIT) that visited the country. As such, these enterprises were in a better position to negotiate special concessions with the government. The above issue as perceived by this participant was found to be based on these factors.

A similar perception was expressed by another participant, stating that concessions should be provided to smaller hoteliers to enable them to further improve the

business. Significantly, the perception of bias is not notable in the issues perceived by the participants in terms of marketing and promotional activities of the SLTB.

4.4.4.2 Marketing and Promotion

The issue perceived by participants in marketing and promotion was more common among the souvenir providers enterprise category (Table 4-13). Participants views on this issue were found to be quite diverse, with one participant (HS 3) in particular stating that the locality was well advertised and recognised among tourists. Significantly, this participant was found to rely solely on word-of-mouth promotion.

In comparison, the other participants perceived that the business recovery would be benefited by marketing and promotional activities of the SLTB, as indicated by the following comment.

If tourism is to work the government should organise to get tourism here again... (SV 3)

Despite the agreement among participants on the need for marketing and promotion, two participants viewed concerns on the focus of these activities. Participants perceived the focus on the tsunami as detrimental to the image of the country. Another participant voiced concern about the '*Beyond the Beaches*' promotional campaign initiated by the SLTB prior to the tsunami, stating that:

...they should not over emphasise [Beyond the Beaches] because if they keep people away from the beach what's going to happen to people on the beaches... (HS 1)

The '*Beyond the Beaches*' promotion was initiated by the SLTB as part of its campaign to reposition Sri Lanka as more than just a beach destination (Official 2,

pers. com.). The emphasis away from the beaches as perceived by this participant was identified as harming the recovery process of the coastal tourism industry. Perceiving the marketing and promotion issue from a different perspective another participant commented that:

...last time we had quite a lot of good tourists...if you look...in terms of the hotels they stayed in and the way they spent money then if we can get more people like that... (SV 6)

This participant noted that even after the tsunami the more exclusive hotels in the region were fully occupied, which was perceived by the participant as an indication of the potential to aim for a more upmarket clientele.

4.4.4.3 Planning and Development

Planning and development issues were found to be perceived by a limited number of participants from the hospitality enterprises and nature-based enterprises (Table 4-13). The perception of bias was notable in the issue perceived by one participant as indicated by the following statement:

...there is an impression...that they give preference to the large businesses, they don't take any interest in any of the small and medium establishments. (HS 6)

Significantly, this participant's enterprise was not registered with the SLTB due to practical difficulties in meeting the requirements stipulated by the SLTB. Another participant expressed the view that development was the sole responsibility of the SLTB, indicating that the enterprise was not seen as contributory to that effort.

The view expressed by another participant in the nature-based enterprise category, perceived that the potential for ecotourism had not been adequately addressed in the planning and development activities. On this issue, this participant stated that;

...if any other country had the kind of environment that is available in Sri Lanka they would have made use of its environmental potential a lot more than we have done here... (NR 4)

Further, this participant stated that the support and encouragement from the tourism authorities towards these enterprises was sadly lacking. Notably, none of the nature-based enterprises were registered with the tourist board. Emphasising a different aspect of planning and development, another participant stated that:

...there are so many vehicles on this road and also there is no space for the tourists to walk along the edge of the road either... (SV 11)

This participant perceived the lack of space for pedestrians along the roads to deter tourists from walking in the locality. The participant's reliance on walk-in customers made this significant to the recovery of this enterprise.

4.4.4.4 Registration and Licensing

Registration and licensing were perceived by only a few participants as significant to the recovery process (Table 4-13). The issues differed between the formal and informal enterprises. With regard to the formal enterprise (HS 4), the issue faced with the business recovery was the loss of documentation collected in preparation for the renewal of the annual license. While one of the informal sector participants (HS 2) was awaiting registration since before the disaster, the other participant (HS 6)

expressed difficulties in obtaining a license and issues resulting from the lack of a license as factors influencing the business recovery.

4.4.4.5 Other Issues

Other issues though limited to a few participants and quite diverse were perceived as significant to the business recovery. One participant (HS 6) in the hospitality enterprises category stated that standardisation and regulation of foreign investments in small enterprises, particularly hotels, was lacking. The participant perceived that this lack of control on these enterprises resulted in an unfair competitive environment.

On a different aspect, another participant (SV 1) stated that other SMTEs in the locality who had approached the SLTB for assistance were not given any assistance. Though this participant had not been a part of this, the participant perceived no benefit to formal enterprises from the SLTB.

Another participant viewed the SLTB from a more interesting perspective. In this participants view:

...the tourist board brings the tourists down but not only that they should send them here in the vehicles... (SV 5)

This participant viewed this as a method of negating the competitive effect caused by the commission based sales system that is common in the industry.

The last issue as perceived by another participant (SV 7) was in terms of mediation by the SLTB to access other markets. This enterprise was experiencing difficulties in maintaining the manufacturing staff while having insufficient sales to dispose of the existing stocks. Due to the difficulties in selling souvenir products in the local market

this participant perceived that intervention from the SLTB to access other markets would benefit the recovery process of the enterprise.

4.5 Community Level Issues

Local community and natural resources within the locality were the issues perceived by participants at the community level. An overview of the issues referred to by the participants is presented in Table 4-14 (refer Appendix XIII for detailed version).

Table 4-14: Community Level Issues

POST-TSUNAMI BUSINESS RECOVERY			
Community Level Issues			
Category	SMTE Code	Local Community	Natural Resource
Hospitality enterprises	HS 1 ^F	√	√
	HS 2	√	√
	HS 3		
	HS 4 ^F		
	HS 5		
	HS 6 ^P		
Souvenir providers	SV 1 ^F		
	SV 2		
	SV 3 ^P		
	SV 4 ^P	√	
	SV 5 ^F	√	
	SV 6		
	SV 7	√	
	SV 8	√	
	SV 9	√	
	SV 10	√	√
	SV 11		
Nature-based enterprises	NR 1	√	√
	NR 2 ^P		√
	NR 3	√	
	NR 4		√

^F family-run enterprise

^P partnership

4.5.1 Local Community

The participants in the hospitality enterprises category were actively involved in providing financial assistance to the local community. This aspect, which was reflective of the participant's personality, was not perceived to have a direct influence on the recovery of the business. However, this suggested potential benefits to the enterprise due to community support.

In comparison, several participants in the souvenir providers category and the nature-based enterprise category perceived the local community to be influential in the business recovery. Similarly, the reciprocal benefit to the local community provided through employment by these enterprises was also identified as significant, as emphasised by one of the participants:

These workers are from...this area and...I know that they benefit a lot from this job and at times they also contribute to the family's expenses...
(SV 7)

Similar reciprocal benefits were identified by the nature-based enterprises which relied on the local fisher community to supply the turtle eggs. While expressing concerns that the local community may revert to previous habits of consuming these eggs, both participants perceived that the monetary reward given to the local community was an incentive for them to continue to supply the turtle eggs to these projects.

Notably, two participants (SV 9 and SV 10) stated that in the aftermath of the tsunami, stocks from the enterprises had been lost due to theft by people both within and outside the immediate locality. The loss was perceived as having some bearing on the enterprises recovery efforts as this required an added expense in terms of stock replacement.

4.5.2 Natural Resources

Participants perceived natural resources within the locality to influence the business recovery in diverse ways. One participant (HS 1) stated that a tourist had commented on the debris still remaining in the area as unappealing, while another participant (HS 2) stated that a local travel trade association had been instrumental in clearing debris from the sea. The significance given to the debris indicates that these enterprises perceived this as an issue affecting the recovery efforts. On a similar perspective another participant perceived the beach as significant to tourism and stated that:

First of all the beach needs to be protected to continue with this trade...

(NR 2)

Similarly, a participant providing boat rides (NR 4) in a river environment perceived this natural resource as fundamental to the business recovery. Significantly, this participant perceived the type of equipment currently used for this purpose to have an environmental impact on the river environment.

4.6 External Environment Level Issues

Future threats of tsunamis in the region, political instability and renewed violence in the North and East of the country were the external environment level issues perceived by some participants. Notably, these were not common factors with only a few participants identifying these as influential to the business recovery. One of the participants (HS 4) commenting on the issue of future threats stated that after the initial stage of fear had subsided, a level of complacency was apparent in the local community. As the following statement by another participant indicates, some of the participants were found to place a high reliance on tourists as a source of information.

The foreigners have said that another tsunami will not occur again; now these are educated people so this is what they say. (HS 2)

Findings indicated that these sources of information had a considerable influence on the business recovery of a few of these enterprises. This reliance raises concerns for the long-term recovery of these enterprises.

4.7 Long-term Recovery Issues

The findings indicate that long-term recovery issues relate to two main issues: namely, crisis management and future development.

4.7.1 Crisis Management

Crisis management issues identified in this study include awareness and knowledge, perceptions of future threats and alternative suggestions. Table 4-15 presents an overview of these issues (refer Appendix XIV for detailed version).

4.7.1.1 Awareness and Knowledge

Awareness and knowledge on crisis management was a common factor among all participants. However, this was found to be limited only to the policy on the buffer zone. Significantly, none of the participants were found to have an awareness of strategies that can be incorporated at an enterprise level. An exception to this was one participant (HS 1) who had taken some interest in acquiring knowledge on tsunamis and the effectiveness of buffer zones as a disaster prevention method.

Table 4-15: Long-Term Recovery - Crisis Management & Future Development

LONG-TERM RECOVERY					
Category	SMTE Code	Crisis Management		Precautionary Measures	Future Development
		Awareness & Knowledge	Perceptions		
Hospitality enterprises	HS 1 ^F	√	√	√	√
	HS 2	√	√	√	
	HS 3	√	√		
	HS 4 ^F	√	√	√	√
	HS 5	√	√		
	HS 6 ^P	√			√
Souvenir providers	SV 1 ^F	√	√	√	
	SV 2	√	√	√	
	SV 3 ^P	√			
	SV 4 ^P	√	√		
	SV 5 ^F	√		√	
	SV 6	√	√		
	SV 7	√	√		
	SV 8	√		√	√
	SV 9	√	√	√	
	SV 10	√			√
	SV 11	√			
Nature-based enterprises	NR 1	√	√	√	√
	NR 2 ^P	√			√
	NR 3	√			
	NR 4	√			√
^F family-run enterprise		^P partnership			

4.7.1.2 Perceptions

Perceptions of the possibility of future tsunamis were found to be influenced by the sources of information and personal perceptions of future threats from tsunamis. The majority of these participants perceived the threat to be minimal, with some basing their perceptions on information provided by tourists. Only a few participants considered that future threats should be taken into consideration. The findings suggest that a majority of these participants had a reactive approach to crisis management,

with minimum measures taken to safeguard the business in the event of a future tsunami.

4.7.1.3 Precautionary Measures

Despite only a few participants perceiving the future threat of tsunamis as a significant issue, precautionary measures were found to be incorporated by several of the participants (Table 4-15). In this respect, some of the participants were taking additional measures in the repairs to the upper floors, with one participant (SV 1) taking additional measures to secure the structure of the building. Some participants stated that measures were being taken to secure the boundary of the premises, while another participant (HS 1) focused on natural vegetation to act as a buffer in the event of a future tsunami. One other participant (SV 5), stated that precautionary measures taken were in terms of relocating the residence only.

4.7.1.4 Future Development

The findings indicated that participants had given little consideration to future development, with many concentrating on the recovery of the business in time for the next tourist season. Several noteworthy exceptions suggested that participants perceptions were quite diverse. In one case, the participant (NR 4) stated that the experience gained from the tsunami had encouraged the enterprise to diversify. This participant also perceived that assistance to obtain eco-friendly equipment would be beneficial over the long-term to both the enterprise and the environment. From a similar perspective, a participant (HS 4) perceived that due to pollution of the environment, the government was less interested in the recovery of boat ride enterprises.

Another participant (NR 2) noted that the particular enterprise was not something that they would like to continue with over the long-term and were looking for avenues of

assistance to set up a more stable water sports enterprise. On a similar note, another participant stated that:

Actually my idea is to sell this, because after [the tsunami] my passion for this was lost and...so I am now trying to sell this place...and then start something inland...because that is more stable. (HS 6)

This enterprise, as referred to previously in the chapter, had been in operation for just over a year when the disaster occurred causing the enterprise significant financial difficulties. Other issues relating to future development were concerns with the effective planning and adequate infrastructure for crisis management, which was found to be of concern to one participant (HS 1) only. This participant further perceived the lack of adequate medical facilities available in emergencies to SMTEs as a disadvantage to the long-term recovery.

The loss of documentation relating to the enterprise was perceived as a possible barrier by one participant (SV 8). In this case, the participant's copies and the copies at the local government were also destroyed. From a different perspective, another participant (SV 10) perceived that assistance with obtaining an import license as beneficial to the enterprise. A nature-based enterprise (NR 1) perceived the understandable lack of priority given to the recovery of conservation efforts as a possible disadvantage to the long-term recovery of these enterprises.

Future development plans envisaged by the government bodies indicate that emphasis is on the repositioning and upgrading of the tourist product. As such, the implementation of these policies will have significant influence on the long-term recovery of these enterprises as indicated by these findings. An overview of the long-term recovery plans as perceived by representatives of the government and the chamber of commerce are provided in Table 4-16.

Table 4-16: Long-Term Recovery - Crisis Management & Future Development

LONG-TERM RECOVERY			
Crisis Management & Future Development			
	OFFICIAL 1	OFFICIAL 2	OFFICIAL 3
FUTURE DEVELOPMENTS	<ul style="list-style-type: none"> - Specialised tourism areas - Product mix - Increase tourist expenditure - Community development - Restructure SLTB - Compulsory registration - Upgrade product standard - Carrying capacity - SMTE considerations in planning & development 	<ul style="list-style-type: none"> - Upgrade destination image - Beyond the beaches - Provide benchmarks - Collaborative effort with the relevant sector 	<ul style="list-style-type: none"> - Individual initiative to develop - Government as tourist provider
CONDITIONS OF FUTURE APPROVAL	<ul style="list-style-type: none"> - Hotel sector - Community benefit - Employment generation - Eco-friendly product - Disaster preparedness procedures 	-	-
SMTE ISSUES	<ul style="list-style-type: none"> - No formal categorisation - Licensing fee*** - Standardisation - Training & operating guidelines - Disaster preparedness training 	<ul style="list-style-type: none"> - No formal categorisation 	<ul style="list-style-type: none"> - No formal categorisation Loans - Building permission - Loan security - Guarantors - Documentation Financial Resources - Working capital
CRISIS MANAGEMENT	<ul style="list-style-type: none"> - Early warning system - Disaster preparedness committee / organisation - Training for hotels in disaster preparedness - Disaster information centres 	<ul style="list-style-type: none"> - In the process of preparation - Focus on tourist safety 	<ul style="list-style-type: none"> - Focus on present crisis - No apparent plans for future crises Government - Coastal barriers - Natural vegetation
CRISIS MANAGEMENT ISSUES	<ul style="list-style-type: none"> - Reluctance to Relocate - Political reasons 		<ul style="list-style-type: none"> - Reluctance to Relocate - Personal reasons

***decision on the exact fee to be levied is pending

While the issue of standardisation is addressed in the future development plans of the industry, the upgrading of the product is an issue that will influence the long-term recovery of the SMTEs. Similarly, a greater emphasis on crisis management is indicated from the government level (Table 4-16). Thus, the findings indicate that these factors will have a direct bearing on the long-term recovery of the SMTEs.

4.8 Chapter Summary

This chapter presented the findings of interviews conducted with 21 SMTEs and three government officials. These enterprises were categorised as hospitality enterprises; souvenir providers and nature-based enterprises based on the primary enterprise of the participant. The findings identified that issues influencing the business recovery of these enterprises arose from both the internal and external environment of the enterprise. In particular, the findings suggest that while issues from the industry level and external environment level have had a significant effect on the recovery of these enterprises, the most significant influences on the business recovery have been the enterprise level and government level issues. Of further significance was the lack of long-term planning among the enterprises. The following chapter discusses these findings, with particular emphasis given to the identification of differences among the categories. Comparisons are also drawn with the literature identified in the literature review.

CHAPTER FIVE

DISCUSSION

5.1 Introduction

The events of the Boxing Day tsunami 2004, have no doubt been among the most tragic natural disasters in Sri Lanka. The magnitude of the damage caused in terms of human life and property was unprecedented. With its impact felt across many industries in the country, the tourism industry *per se* was perhaps worst hit by the damage caused to the tourism infrastructure in the Southern coastal belt. In particular, the Galle district, which was a highly developed coastal tourism destination, was left in tatters. Damage assessments carried out by and on behalf of the government identified that a large proportion of small and medium enterprises were damaged or destroyed in this district. These assessments revealed that a large proportion of these enterprises were either directly or indirectly involved in tourism, and had hitherto operated unnoticed by the government. Additionally, given that this sector had received little recognition prior to the tsunami, this study attempted to identify the issues faced in the business recovery of SMTEs in Sri Lanka's post-tsunami tourism industry. Further, this study attempted to ascertain the SMTEs views on how this recovery should be managed in the medium to long-term.

Despite a growing focus on SMTEs in recent studies in the global context, studies so far have failed to adequately address the SMTEs in Asian destinations, particularly in Sri Lanka. Consequently, despite stakeholder support being recognised as imperative to sustain tourism developments, the influence exerted or the significance given to SMTEs in the planning and development of Sri Lanka's tourism industry was unknown. Notably, little is known of the issues faced by these enterprises in disaster recovery or the influences exerted by other stakeholders on the recovery process. The choice of sample from a well developed coastal tourism destination in Sri Lanka,

enabled the identification of issues that arose not only from within the enterprise but also from other stakeholders in the industry. Further, the possibility of future threats of tsunamis requires that adequate crisis management strategies are incorporated into the recovery of the industry and the enterprise.

This chapter presents a discussion of the findings reported in Chapter Four. Themes that emerged throughout the study included enterprise level issues, industry level issues and government level issues among others. Each theme is discussed in detail, emphasising any similarities or dissimilarities with previous studies. Additionally, any issues identifiable with a specific category of enterprise (hospitality; souvenir providers; nature-based enterprises) or enterprise structure (family owned; single owner; partnership) are also emphasised. The chapter concludes with a chapter summary that highlights the key issues as identified by this study.

5.2 Enterprise Level Issues

Enterprise level issues were found to originate from the need to resume either the former level or an acceptable interim level of operations. Enterprise level issues identified included operational, financial, human resource, and personal issues. Notably, some participants also identified a few perceived opportunities. Distinctive characteristics of SMTEs as identified by previous studies were identifiable in the issues faced by the participant enterprises (Getz et al., 2004; O'Regan & Ghobadian, 2002; Peters & Buhalis, 2004).

5.2.1 Operational Issues

Operational issues such as repairs and restoration, and furniture and equipment replacement were in all cases influenced by the extent of damage and the financial resources available to the participants. Though these operational issues were common to all enterprises that were damaged, a distinct difference in the emphasis given to the

standard and finish of the physical structure was notable in the hospitality enterprises. The importance of the ambience and atmosphere to hospitality enterprises made repairs and restoration to the building and the replacement of furniture and equipment key issues to these enterprises. Similarly, the need for equipment such as boats or water tanks to hold turtles was a key operational issue for the nature-based enterprises. Lack of emphasis by souvenir providers and nature-based enterprises on issues such as building materials and labour and public utility further highlights the distinct needs of different types of SMTEs in the post-tsunami recovery of the enterprises. Diversity of the SMTEs was more pronounced in the perceived influence of service / product availability and standard, which was the most common operational issue identified. In particular, souvenir providers were faced with the dilemma of limiting the manufacture or purchase of stocks to reflect the reduced demand. At the same time, these enterprises were compelled to provide sufficient work for existing employees. The emphasis on stock levels by souvenir providers was irrespective of the extent of damage or level of operation achieved by these enterprises.

SMTEs with supplementary businesses or combined businesses were at an advantage as they were able to start the recovery process sooner by resuming partial operations. In particular, hospitality enterprises resumed partial operations by first recovering the restaurant facility. Though underlying commonalities existed in the operational issues identified, the extent of damage sustained by the individual enterprises in combination with the type of business (accommodation, restaurant, souvenir retailer, etc.) made the operational issues of each enterprise unique.

5.2.2 Financial Issues

Financial issues were the most common enterprise level issues identified, with all participants stating the loss of income as a key issue to the business recovery. Despite the lack of damage or the partial recovery of some enterprises, the lack of tourists

contributed to the loss of income. The influence of capital on the recovery process, as identified by many participants, emphasises one of the characteristics that differentiate SMTEs from other larger organisations (Getz & Carlsen, 2000; Peters & Buhalis, 2004). Consequently, this points to a lack of financial and strategic planning among participants, indicative of a lack of management training and expertise (Getz et al., 2004; O'Regan & Ghobadian, 2002). Limited capital resources of the enterprises were further impeded due to the investments made in preparation for the tourist season (Sri Lanka Tourist Board, 2004; Yacoumis, 1980). Similarly, the inability to claim damages from insurance, as identified by one participant, was a further loss of investment. The impact of the loss of investment was more pronounced among those enterprises that were completely damaged or, as in one case, had only been in operation for a short time period before the disaster. Inability to provide acceptable security for bank loans and the reliance on friends and family further complicated the recovery efforts. Some participants regarded bank loans as avoidable at all costs, with the most common concern being the increased burden of debt and the uncertainty of earning sufficient income to cover the cost of repayments. Irrespective of building repair and equipment replacement costs, souvenir providers and nature-based enterprises were faced with the added burden of maintaining adequate stock levels to resume business. The uncertainty of increased sales created an atmosphere of caution in the manufacture and purchase of replacement stocks among the souvenir providers. Conversely, nature-based enterprises primarily involved in conservation efforts were faced with the dilemma of continuing the conservation efforts despite the lack of an income source. These increased demands on the limited capital resources evolved into human resource issues for many participants.

5.2.3 Human Resource Issues

The human resource issue of redundancy, more common among hospitality enterprises and nature-based enterprises, suggests that the participants perceived

employees in these categories as easily substitutable. Within these categories redundancy was found to be common to single owner enterprises, with no direct connection evident between the damage sustained or the level of operation achieved. Notably, two enterprises had stopped all employees and were being managed by the owner. Similarly, a connection between redundancy and financial issues was not identifiable, though limited financial resources available to the enterprises suggests that this factor may have influenced this issue. While redundancy was seen as one way of reducing the financial strain, this made it essential that existing employees carry out additional duties. Though a satisfactory solution at the time, given the low number of tourists, suitable human resource planning would be required for the long-term recovery (Chu & Siu, 2001). Souvenir providers concerns with the issues of wage reductions and employee welfare suggest that employee skills were highly valued within this category. Wage reductions and employee morale issues were a reflection of the low tourist numbers and the reliance on service charge / sales commissions. Continued wage reductions were causing great difficulties for employees making alternative employment more attractive. Concerns of losing employees predicated the employee welfare issue among a few participants. Human resource issues, though important to some participants, was a secondary concern of the business recovery efforts. In particular, findings suggest that the hospitality enterprises and nature-based enterprises had not taken the long-term implications of human resource issues such as maintaining service quality into serious consideration (Getz & Carlsen, 2000; Peters & Buhalis, 2004). In view of the size and structure of the SMTEs, some participants were also faced with personal issues that had an influence on the recovery process.

5.2.4 Personal Issues

Personal issues were found to be less common and to differ among the participants. A common factor among participants citing other priorities as an issue was that these enterprises were yet to achieve any level of operation. This suggests that personal

issues were a key factor in the business recovery. Issues such as financial constraints due to family commitments and priorities, in particular, were a key influence on the recovery efforts. In cases where the participant was faced with a choice between family and enterprise, the family issues were given higher priority. Some of the personal issues identified competed for scarce resources, such as financial capital and construction labour, available to the enterprises. The informal manner of operations was visible in the significance given to the personal issues such as financial constraints and to family priorities (Getz & Carlsen, 2000; Getz et al., 2004; Peters & Buhalis, 2004). Though only a few participants identified personal issues as influencing the recovery process, the importance given to these personal issues indicates that the enterprise was not perceived as an independent entity, but rather as an extension of the owner and influenced by the participant's personal concerns. Lifestyle, on the other hand, acts in opposition to the other competing personal influences by providing an incentive for the participant to recover the business. Once again, this emphasis indicates that the business is not perceived as an independent entity, but as a means of achieving a personal goal (Getz & Carlsen, 2000; Peters & Buhalis, 2004). Though this study suggests the influence of personal issues on the business recovery as a key issue, this aspect requires further research. Interestingly, a few participants identified perceived opportunities that would assist the business recovery process.

5.2.5 Opportunities

Opportunities identified by participants, though very few, attempted to promote the tsunami and the affected enterprises as an attraction (Murphy & Bayley, 1989). While the identification and preservation of tsunami damaged structures or indicating the tsunami water level were possible in the partially damaged enterprises, those completely destroyed by the tsunami could not capitalise on this type of opportunity. In comparison, the organisation of a memorial service, as suggested by one participant, has the potential of creating an awareness of the destination and

benefiting several enterprises in the vicinity. However, this type of activity requires the collaboration of several stakeholders if it is to be carried out successfully (Bramwell & Sharman, 1999; Friedman & Miles, 2002; Ryan & Huyton, 2002). There is certainly a reasonable assurance that tourists will return to the destination in the long-term, and that the progress made by the tourism industry in its recovery effort will generate some interest. This however is likely to depend on the ability of the destination to provide adequate services and raises the question of how long it would take for tourists to return and how long the interest would last (Huang & Min, 2002; Murphy & Bayley, 1989). Further, appropriate marketing of such events or attractions is pivotal to their success (Beirman, 2003; Glaesser, 2003; Murphy & Bayley, 1989). As identified in previous studies, these SMTEs were also heavily reliant on promotional techniques such as word-of-mouth, location and guidebooks, with very few participants indicating that the internet was used as a promotional technique (Buhalis, 1998, 2003; Collins et al., 2003). Therefore, the benefits derived from these opportunities may be minimal. The potential also exists for coastal conservation efforts to be incorporated into these opportunities by educating both the local and foreign tourists and including them in the conservation efforts (Ayala, 1996; Herbig & O'Hara, 1997; Vincent & Thompson, 2002).

Enterprise level issues were no doubt considerable hurdles for the participants in their business recovery efforts. The findings suggest that the enterprise structure (single owner, family-run or partnership) had no influence on the enterprise issues perceived by the participants. The widespread damage to the destination, perhaps made any differences between enterprise structures, such as single owner and family businesses less apparent. As such, differences identified in previous studies were not identifiable in these enterprises (Getz & Carlsen, 2000; Getz et al., 2004; Peters & Buhalis, 2004). In comparison, some differences were found to exist between the business types, particularly in terms of operational and human resource issues. For example, hospitality enterprises were found to concentrate more on the building repairs and furniture and kitchen equipment replacement while souvenir manufacturers were

more concerned with the replacement of machinery and stocks. Similarly, hospitality enterprises and nature-based enterprises were less concerned with the issue of redundancy when compared with souvenir manufacturers. The differences between the business types were further emphasised in the industry level issues perceived by the participants.

5.3 Industry Level Issues

Industry level issues, which identified the participants views on the influence of other industry stakeholders on the recovery process, were found to be quite diverse. Significantly, the findings of this study were in concurrence with the observation made by Smith (1998) on stakeholders in tourism working together. Despite a few instances of collaboration with stakeholders, the participants largely acted independent of other stakeholders in the business recovery efforts.

5.3.1 Other Stakeholders

Other stakeholders include competitors providing similar products / services, complimentary enterprises providing dissimilar products / services thereby increasing tourist activity in the locality, and suppliers of the enterprise (Hall, 2003; Leiper, 1995; Mill & Morrison, 1985; Weaver & Lawton, 2002). These stakeholders were perceived in terms of benefit gained or lost to the enterprise and its recovery effort. While this issue was not common to all participants, the views expressed indicated that intra-regional and inter-regional stakeholders were viewed differently. Interestingly, more participants identified issues from intra-regional stakeholders than inter-regional stakeholders. Additionally, the intra-regional stakeholders were viewed in more positive terms than the inter-regional stakeholders. This suggested that participants perceived the inter-regional stakeholders more as a threat than a means of enticing tourists to the country and subsequently to the participant's region (Smith, 1998). Intra-regional stakeholders, on the other hand, were perceived as enterprises

providing complimentary services or products, thus increasing the number of tourists in the region. The view expressed by one participant that intra-regional stakeholders were both an advantage and a disadvantage emphasised that other stakeholders can have both a positive and a negative influence on the recovery efforts (Bramwell & Sharman, 1999; Friedman & Miles, 2002). Despite the view that intra-regional stakeholders were beneficial to the recovery process, this was also a cause for concern to these participants (Smith, 1998). Due to the widespread damage in the region, many of the other stakeholders were yet to resume operations and, as such, the enterprises were unable to gain the perceived benefits from these stakeholders. Despite the benefits perceived from other stakeholders, participants envisaged affiliation and collaboration in both positive and negative terms.

5.3.2 Affiliation and Collaboration

Affiliation and collaboration issues such as sales commissions, travel agents / tour operators and local travel trade associations differed among the enterprise categories. Understandably, souvenir providers and nature-based enterprises relying on sales were the only enterprises identifying sales commissions as influential to the recovery. Although commission based sales provides an incentive for tour guides and transport providers to include visits to souvenir providers and some nature-based enterprises, the lack of a standard rate of commission creates an adverse competitive environment (Bramwell & Sharman, 1999). Therefore, many of the participants perceived this issue to have a negative influence on the business recovery. Sales commissions, which are payable in cash and at the time of the sale, requires the availability of sufficient funds to meet these payments. As a result, this issue further aggravated financial difficulties experienced during the recovery stage. In addition, this provides competitors with an unfair advantage over the enterprises struggling to recover from this disaster. If the sales commission to tour guides and transport providers is the main criterion on which these enterprises are promoted, as suggested by the participants, competitors may be inclined to sacrifice quality or over-price products.

This would give rise to further questions in terms of the quality of products and the value for money to the tourists. If this is unregulated over the long-term, it may result in a negative destination image in tourist generating regions (Bramwell & Sharman, 1999).

Surprisingly, affiliations with travel agents / tour operators, though perceived as beneficial, were not common among participants. The benefit derived from such affiliations by these enterprises is by way of added promotion, which assists the recovery effort. By adding value to the services provided through these affiliations, a further potential exists to encourage the travel agents / tour operators to actively promote these enterprises (Sautter & Leisen, 1999). At the same time, it is important that the travel agents / tour operators are regularly updated on the progress of the recovery process to ensure that tourists are aware of the conditions at the enterprise, particularly hospitality enterprises (Evans & Elphick, 2005). Despite the ability of the majority of enterprises to operate successfully before the tsunami by relying on simpler methods of promotion such as word-of-mouth or location, this may be inadequate in the post-tsunami environment (Gonzalez-Herrero & Pratt, 1998). As such, enterprises that continue to remain independent of affiliations may be at a distinct disadvantage during the recovery process.

Local travel trade association issues identified opposing views though interestingly, the underlying premise in both views was coastal conservation. However, as identified by these participants, local travel trade association memberships can be either beneficial or detrimental to the recovery process. Associations that aim to provide a common benefit to the local community and the enterprises in the locality are likely to be looked on more favourably by these enterprises. Additionally, such associations are likely to wield a greater influence in obtaining assistance from other sources such as government or relief organisations for member enterprises. In contrast, associations that are formed for the sole purpose of benefiting a select few are likely to become negative influences on the recovery process. For example, the

association formed prior to the tsunami to contest the coastal conservation regulations (Bramwell & Sharman, 1999; Grant, 2004), was considered a negative influence due to the potential of the member enterprises to restrict public access to the beach.

5.3.3 Supplier Network

Supplier networks were more significant to the recovery of souvenir providers and nature-based enterprises. Of primary concern to some was the loss of suppliers due to the closure of the enterprises, while others faced difficulties due to a lack of credit facilities with the suppliers (Bramwell & Sharman, 1999; Sautter & Leisen, 1999). As both these categories of enterprises rely on suppliers to provide either products or raw materials needed to manufacture the products, this issue was a significant barrier to the recovery. With capital resources already stretched to the limit many participants were unable to buy products or raw materials for manufacture. Additionally, SMTEs are unlikely to negotiate better conditions with suppliers due to the smaller volume of business generated (Bramwell & Sharman, 1999; Hall, 2000; Ryan & Huyton, 2002). Further, these enterprises are unable to confirm payments to suppliers due to the uncertainty of the recovery period. Interestingly, only one participant cited a favourable relationship with the suppliers as assisting the recovery process.

In comparison, the conservation aspect was more prominent in the nature-based enterprises concerns with the loss of suppliers. This was a key factor for the turtle conservation projects, which relied heavily on the local community to supply the turtle eggs (Vincent & Thompson, 2002). Turtle conservation projects had succeeded with great difficulty to change the local practise of consuming these eggs by providing the suppliers with a monetary reward for the eggs supplied. This reliance on the local community for the continued success of these projects emphasises that local community support is imperative to the success of ecotourism and conservation efforts (Vincent & Thompson, 2002). Further, as noted by the participants, education

of the local community is fundamental to ensure the continued success of such developments (Vincent & Thompson, 2002).

Industry level issues differed among the various business types emphasising the different needs of these businesses. For example, the souvenir providers were more concerned with the issues of sales commissions and supplier networks, whereas hospitality enterprises perceived issues with other stakeholders and travel agents / tour operators to be more significant to the recovery process. No significant differences were identifiable between enterprise structure and the industry level issues faced by these enterprises. This could suggest that the enterprise structure was not a significant influence in the industry level issues faced. However, further research would be required. Though industry level issues were significant in the recovery process of these enterprises, the findings indicate that the enterprises had failed to make use of the potential benefits that can be derived through collaboration with other industry stakeholders. For example, membership in local travel trade associations would enable these enterprises to collectively exert more influence on government and other relevant authorities to obtain assistance for the recovery process and exert a greater influence on the tourism development policies in the region (Bramwell & Sharman, 1999; Cook & Barry, 1993; Grant, 2004; Thomas, 2000). Greater collaboration with other stakeholders may have enabled these enterprises to negate some of the issues encountered at the government level.

5.4 Government Level Issues

Government level issues emphasised the different roles which the government plays in tourism destinations (Hall, 2003). As indicated in the findings, the influence of the government was found to be a key factor in the recovery of SMTEs.

5.4.1 Government as Co-ordinator

While many participants were critical of the government's role as co-ordinator, interestingly the lack of efficiency was identified as having been beneficial to the recovery process. However, the perceived lack of attention given by the government to SMTEs in the aftermath of the disaster has created an impression among participants that the government is not interested in the difficulties faced by these enterprises. Understandably, the wide spread damage caused by the tsunami caught the government unawares, requiring a concerted effort from all levels of government to provide relief to all victims. However, as suggested by the findings, the efficiency of individuals in the local government level had a considerable influence on the recovery of the participant enterprises. Additionally, the lack of co-ordination that existed among different government bodies further added to the mayhem caused by the tsunami. The lack of co-ordination was further emphasised in the implementation of policy and regulation.

5.4.2 Government as Source of Policy and Regulation

Post-tsunami policy, particularly the 100m buffer zone, was seen as a significant issue by the participants. In many cases the participants had made a conscious decision to maintain the enterprise in the present location irrespective of this policy. Though the debate on this policy between the government and main opposition party may have contributed to this decision, in many cases participants simply had no alternative location to re-establish the business. It was also unlikely that the cost of constructing a new building, as opposed to repairing and restoring the existing building, was affordable in view of the existing financial difficulties faced by the participants. Furthermore, some participants were of the view that relocating to a more interior location would have a significant impact on the business generated. The decision by the government to allow enterprises damaged less than 40% of the value raises further questions. Firstly, how does one determine the value of the damage if the value of the enterprise had not been recorded prior to the tsunami. Secondly, what role does the government play in evaluating the value of the damage if no officials

had visited these enterprises in the aftermath of the tsunami. If faced with the option of losing the business or convincing the authorities that the damage is less than 40% of the value, it is likely that the participant enterprises will take any action necessary to remain in the same location (Durberry, 2004; Tosun & Timothy, 2003). Also, the introduction of such a policy, though justified given the circumstances, is unlikely to receive community support unless adequate alternatives are provided or assistance is given for the relocation of enterprises (A. L. Hardy & Beeton, 2001; Horobin & Long, 1996). While the government had initiated relief measures for the recovery of tourism enterprises, participants encountered further issues with regard to these measures.

5.4.3 Government as Source of Relief Assistance

The main form of assistance provided by the government to tourism related SMTEs was a bank loan provided under special conditions. While participants were entitled to a grace period before the commencement of repayments and an interest period, one of the conditions to be met was that the damage to the enterprise was less than 40% of its value. Measures had also been taken to provide these loans through the commercial banks in the region. However these banks required collateral from the loan applicants. Many participants encountered difficulties with this as the banks would not accept any property located within the buffer zone as collateral, thereby making this relief measure ineffective. In addition, the loan was only available for repairs to existing buildings, which made relocation a non-viable option for many. As such, despite the availability of relief loans, a significant proportion of the participants were unable to avail themselves of this assistance due to the conditions attached to this relief measure. Interestingly, the findings suggest that none of the participants had made use of the assistance provided through the Chamber of Commerce. Even though the assistance provided by the Chamber of Commerce was also extended to non-members, it is likely that many of these participants were unaware of this avenue of assistance. This once again emphasises the benefits that

such enterprises can gain through affiliation / collaboration with other stakeholders. As an agent of the Ministry of Tourism, the SLTB was instrumental in the implementation and regulation of policy.

5.4.4 Sri Lanka Tourist Board (SLTB)

One of the main benefits of the tsunami perhaps is that this event brought the SMTEs into prominence. The lack of a clear definition of SMTEs in the Sri Lanka tourist industry indicates that this sector has had little or no consideration prior to the tsunami. While efforts are being made to rectify this, there is yet a great deal that needs to be done to meet the needs of these enterprises as indicated by the findings. Interestingly, many of the participants perceive a degree of bias in favour of larger tourism enterprises, which provide services to charter groups and group tour operators, in the policies of the SLTB. As many of the participants depend on individual tourists (FIT), this sense of bias is associated with having a negative influence in the recovery of the enterprises. Further, concerns voiced in terms of marketing and promotion efforts indicate that participants fear that the present promotional campaigns initiated by the SLTB may have a detrimental effect on the beach destinations ravaged by the tsunami. While the SLTB is instrumental in promoting Sri Lanka in international destinations, the reliance of many of these participants on word-of-mouth and location as promotional techniques justifies these fears. Criticisms are further identified regarding the planning and development of tourism ventures. Participants' perception of bias is once again apparent in the issues identified in regard to planning and development, with participants not recognising any role in this phase (Hall, 1999; Horobin & Long, 1996; Vincent & Thompson, 2002). As identified by one of the participants, planning and development of tourism ventures have so far not utilised the potential offered by the natural environment. Additionally, the lack of support given to ecotourism ventures and the multiple government bodies that have authority over such enterprises make ecotourism enterprises less attractive (Honey, 2003; Horobin & Long, 1996). While streamlining

these processes and educating owners of such ventures would ensure the sustainability of ecotourism enterprises, measures should also be taken to provide concessions to purchase eco-friendly equipment. Similarly, concessions currently offered by the SLTB to tourism related enterprises do not necessarily meet the needs of these SMTEs, making the recovery of the enterprise more complex.

Government level issues were found to be a key influence on the recovery due to the inflexibility and ineffectiveness of the relief measures available. Additionally, though the policies set out by the government may be justified, no alternatives are available to many of these participants making this a further hurdle in the recovery process. Despite the significance given to SMTEs in the post-tsunami recovery of the industry, no clear definition has been adopted to identify enterprises within this category making this a large and complex sector of the industry. Further, though a distinction is made between formal and informal enterprises, no identifiable benefits have been derived by the formal enterprises in this study. No distinct differences were identifiable between government level issues and enterprise structure, suggesting that these issues were common to all SMTE structures. However further research would be required. The diversity of the businesses was found to have some influence on the government level issues faced (Gunn, 1994; Hall, 2003). Particularly, hospitality enterprises and nature-based enterprises may benefit from assistance and concessions that cater to the needs of these enterprises. One of the significant contributions made by SMTEs as identified in previous studies is in aiding community development (de Beer & Marais, 2005; Durbarry, 2004; Reeder & Brown, 2005; Vanegas Sr & Croes, 2003). However, as identified by some of the participants, some issues were also encountered at the community level.

5.5 Community Level Issues

Similar to previous studies (de Beer & Marais, 2005; Reeder & Brown, 2005), community benefits such as employment opportunities have been derived from these

enterprises. However, in terms of business recovery, participants identified the need for community support to maintain these enterprises (Vincent & Thompson, 2002). This was particularly viewed as a significant influence in the nature-based enterprises as noted earlier. Interestingly, the active role played by two participants in providing financial assistance to the local community may translate into community support in the long-term assisting the development of such enterprises in the future. However, adverse impacts of the local community such as theft of property in the aftermath of the tsunami also emphasise the influence of the local community on the recovery process (Bramwell & Sharman, 1999).

Further, the reliance on natural resources such as the beach, for example, requires that these are conserved and pollution and degradation of these resources are curbed (Pforr, 2001). As such, the education of the local community on these issues is imperative to the recovery and continuation of these enterprises (Vincent & Thompson, 2002). While this aspect has been associated with the nature-based enterprises, it is also significant to the other categories of enterprises, as aptly revealed by the tsunami (Buckley, 2000; Sasidharan et al., 2002). Further, it is important that any developments concerned with the tourism enterprises are also seen to benefit the local community as this would ensure the sustainability and success of such ventures over the long-term (Vincent & Thompson, 2002). Though community level issues may not be seen as a direct influence on the recovery of the enterprises, they can have long-term implications on the survival of these enterprises.

5.6 External Environment Level Issues

The external environment level of enterprises consisted of the wider environment in which the enterprise operated. Elements within this included the political environment, environmental factors such as disasters and the influence from tourists (Hall, 2003; Leiper, 1995). A key factor identified at this level was the reliance on tourists as an information source, particularly with regard to the possible future threat

of tsunamis. While it is possible that many participants were still in a state of shock by the extent of the damage suffered, the tendency to rely on such sources of information is a cause for concern (Huan et al., 2004b). Especially since this has led to many participants continuing to rebuild in the same location with little or no extra precautions. Though these participants are optimistic that such an event may not occur in the near future, it is prudent that some action be taken to provide more reliable information to enable them to make an educated decision before reinvesting the limited finances they possess (Huan et al., 2004b).

Notably, a few participants also voiced concerns on the political environment in the country as influencing the recovery process. Though the ethnic conflict had been a force that had influenced the tourism industry in previous years, the industry had always been resilient to this (Beirman, 2003; Crick, 1994; Sharpley, 2005). However, in combination with the devastation created by the tsunami, participants were less optimistic of the future. Significantly, this factor was once again coming to the forefront due to complexities arising from relief aid distribution in the North and East regions.

5.7 Long-term Recovery Issues

Long-term recovery issues identified by participants revealed that while all participants had some awareness and knowledge of the crisis management policies introduced by the government (Anaman & Looi, 2000; Beirman, 2003; de Sausmarez, 2004), very few had acquired any additional knowledge on this matter. Additionally, participants did not seem to recognise any role in these issues, rather crisis management methods were considered as the sole responsibility of the government (Faulkner & Vikulov, 2001; Murphy & Bayley, 1989). The participants' perceptions of future tsunamis further emphasised this view. While some participants had taken some action to incorporate precautionary measures into the repairs and reconstruction of the buildings, the other participants had a more reactive approach to crisis

management (Baral et al., 2004; Evans & Elphick, 2005; Sonmez et al., 1999). Understandably, the size and structure of these enterprises does not allow for complex crisis management strategies (Beirman, 2003; Faulkner, 2001; Glaesser, 2003). Despite these limitations however, participants did not appear to have given much thought about what sort of measures can be adopted to minimise the impact of a future tsunami or any other disaster in the future (Murphy & Bayley, 1989).

Relocation, which was one of the crisis management options, was considered non-viable due to the reasons stated previously. However, in addition to the lack of finances and alternate locations, some participants shared the view that relocation was tantamount to losing the business. The views of these participants suggest that these enterprises perceive the beach location as a key factor to the recovery of the business and, as such, the buffer zone or relocation was detrimental to the survival of the enterprise. For relocation and the buffer zone to be accepted, these participants should be provided an alternative location and the relocation justified (Murphy & Bayley, 1989). Further, in view of the financial limitations of these enterprises, participants may have viewed relocation more favourably had the assistance also been available for such an option.

The future development of the enterprises had received little consideration due to the participants' concern to first recover the business. However, in the light of the government's plans for future developments a lack of adequate consideration to these plans may result in greater difficulties for these enterprises in the future. While the government is actively wooing a more upmarket clientele, these participants were concentrating on recovering the former standards and level of operations. Although those standards and quality of service may have sufficed for the type of tourist in the pre-tsunami industry, if the government's promotional campaign is successful, then these enterprises may not be able to meet the needs of the new type of tourists. Once again, this emphasises the importance of including all stakeholders in the planning and development of such ventures (Hall, 1999; A. L. Hardy & Beeton, 2001).

Furthermore, the inability of the destination to provide the type of service portrayed in the promotional campaign will have lasting implications for the tourism industry in the country. Thus, in view of the economic contribution and the benefits to the local community that is provided by such enterprises, it is prudent that these enterprises are made aware of these changes and are encouraged and supported in their recovery efforts (Durberry, 2004; Tosun & Timothy, 2003).

The complexities that are inherent in standardising such a diverse sector of the tourism industry can be reduced to some level by creating benchmarks and regulating these enterprises. However, in order to do so the government or in this case the SLTB needs to have information on these enterprises. One method of dealing with this difficulty would be to ensure that all tourism enterprises are formally recognised. Formal recognition would entail that these enterprises are registered annually by the SLTB, preferably at a nominal cost. Yet, for such a requirement to be accepted by these enterprises, participants need to recognise a tangible benefit in obtaining annual registration. The issues encountered in the recovery process however do not suggest that participants possess such a positive view at present. Similarly, the issues identified in the future development by participants emphasise the diversity of this sector. Importantly, the emphasis given to the provision or assistance in obtaining eco-friendly equipment is no doubt beneficial to the enterprise and the local environment and should be taken into consideration in the government's future development plans.

5.8 Chapter Summary

This chapter provided a discussion of the findings of this study. In particular emphasis was given to identifying similarities with previous studies. The key findings of this study were that the enterprise level and government level issues were considered as key factors in the recovery of the enterprises. Financial limitations of

SMTEs and the operational issues were found to be considered as key issues at the enterprise level. At the government level, on the other hand, enterprises identified most of the issues as key factors in the recovery. Interestingly, the perception of the government's lack of efficiency was considered to have been a positive influence on the recovery by some participants. However, the effect of post-tsunami policy was perceived by many participants to be a considerable factor in the recovery process, with many participants indicating a reluctance to adhere to this policy. Notably, participants perceived conformance with this policy as equal to the loss of the enterprise.

Despite the differences in enterprise structure and type, these factors were found to have minimal influence on the issues identified by participants. Issues such as product availability and human resources, as identified by the study, were considered as secondary factors by the participants. Similarly, industry level issues, community and natural resource issues, though considered relevant to the recovery process, were, perceived by the participants as secondary issues. The following chapter which emphasises these key findings concludes this study.

CHAPTER SIX CONCLUSION

6.1 Introduction

Events of the Boxing Day tsunami 2004 and its impact are no longer the focus of the media. Yet, the effects of this disaster on Sri Lanka are likely to have long-term implications on its people. With survivors now faced with the task of rebuilding their lives and regaining their livelihood, the wide scale damage caused by this disaster makes the rebuilding process a Herculean task for the government and individuals alike. Despite the outpouring of both financial and material assistance from around the world, eight months after the disaster, many affected enterprises in Sri Lanka were yet struggling to recover. Among these were the SMTEs, located along the Southern coastal belt of the country. With a sizeable proportion of tourism hotels located in this area, the impact on the tourism industry was substantial.

This chapter concludes the study into the issues faced in the post-tsunami recovery of SMTEs in the Galle District, Sri Lanka. The chapter provides a recap of the significance of the study, the research methodology, and the key issues identified in the study. Also included are recommendations for future research. These are followed by closing remarks, which end the chapter.

6.2 Restating Significance of the Study

The significance of SMTEs on an economic level has contributed to their growth over the past years. Similarly, the growth of these enterprises in the global tourism industry has seen SMTEs gaining prominence at both the academic and industry levels. Yet, despite the significance gained by SMTEs in recent years, the body of knowledge on these enterprises is far from comprehensive. Though the diversity and

characteristics of SMTEs contribute to the charm of tourism destinations, they further complicate the planning and development of destinations. The lack of a universal definition of SMTEs, which results in study specific findings (as in the case of this study as well), is perhaps a further barrier.

In the Sri Lankan Tourism Industry context, there has been low recognition of the value of SMTEs to the Sri Lankan tourism industry. The lack of a clear definition and lack of literature on the SMTEs in Sri Lanka prior to the tsunami is a further indication of this. While the impact of the tsunami on the SMTEs in Sri Lanka was more apparent in the tsunami-affected areas, Galle District in particular, was one of the worst affected in terms of tourism. In view of this and the significance of these enterprises to the tourism industry and local economy, the study of the issues faced by the SMTEs in the post-tsunami recovery was considered both pertinent and prudent.

6.3 Summary of Research Process

Using an adaptation of Hall's (2003) '*Tourism Market System*' as the conceptual framework for this study, the research design incorporated the use of semi-structured in-depth interviews as the primary method of data collection. Time constraints combined with the lack of adequate information on this sector of the industry, suggested the use of non-probability sampling methods as appropriate.

The research, which was conducted in the Galle District of Sri Lanka over a period of one month, collected data from 21 SMTEs and three key officials. While the duration of the semi-structured interviews was approximately 30 – 45 minutes, the use of an interview guide ensured consistency among all participants. In addition, data gathered from various government and industry reports were also found to be invaluable. Data were analysed by coding to identify emergent themes and the findings displayed using matrices.

6.4 Summary of Research

The findings from this study identified several key issues encountered in the post-tsunami recovery of SMTEs in the Galle District of Sri Lanka. In this particular study, the key issues faced by the participants were the enterprise and government level issues. Among these the most influential were perceived to be the financial issues at the enterprise level and the government as a source of relief assistance. However, the range of issues and the different levels at which they arose suggest that these key issues cannot be addressed in isolation. Findings further identified the diversity of the SMTEs, which in this particular study were categorised as hospitality enterprises, souvenir providers and nature-based enterprises. Similarly, the variety of enterprise structures, namely, family-run, single owner, and partnership enterprises, further emphasised another aspect of this diversity. Though a few differences were identified in the issues faced in the business recovery of these enterprises, these were not perceived to be key issues. In comparison, the key issues identified in this study were found to be common to all enterprise categories though exerting varying degrees of influence on the individual enterprises.

Though issues were identified from the perspective of the enterprise, these issues emphasise the importance of SMTEs to the local community and the inter relationship among stakeholders in the tourism system. Similarly, the contributions made by tourism to the local economy and the large proportion of SMTEs damaged by the tsunami emphasise the economic importance of these enterprises. Consequently, the implications in the context of unemployment are also highlighted by the issue of redundancy. On the other hand, the issues relating to the government's role in the recovery of the business emphasise several constraints and barriers faced by these enterprises. The lack of influence and involvement in the planning and development of tourism is apparent in the difficulties faced by these SMTEs due to the implementation of the buffer zone policy. Despite a comprehensive process

preceding the development and implementation of such policies, compliance is doubtful if no viable alternatives are available. Though the suitability of a buffer zone is not a primary concern to this study, the implications of such a policy on the recovery of SMTEs was found to be immense.

Similarly, the criticisms on the availability of financial assistance from the government highlighted the inflexibility of the assistance provided. Despite the significance given to SMTEs in the post-tsunami recovery of the industry, the financial assistance was accessible only to a few enterprises. Interestingly, compliance with the buffer zone policy also resulted in the inability to obtain financial assistance due to the inflexibility of the assistance policies. In view of the damage caused by the tsunami, the need for collateral to obtain loans is not feasible for all enterprises, particularly if the entire property was destroyed and no alternative assets are available. Equally, enterprises are unlikely to be able to return to the former level on government assistance alone. However, some flexibility in the assistance may enable these enterprises to recover to a reasonable level in the short-term.

Undoubtedly, as a stakeholder of the tourism system the government exerts a greater influence on the recovery of these enterprises through legislative and policy implementation. Similarly, as a part of the tourism system the influence from other stakeholders in the tourism industry also played a major part in the recovery of these SMTEs. However, if the government's vision and aspiration to raise the product image is to be sustainable over the long-run, it is important that the views and opinions of these SMTEs are incorporated into the planning and development of these strategies. The benefits to the government and the industry in doing so is two-fold. Firstly, this ensures that the government is able to ensure some consistency in terms of the quality and standard of the product offered by these enterprises. Secondly, the likelihood that the product / service provided may not be comparable with the image promoted is reduced.

One of the methods of ensuring product quality and standard is through formalising all SMTEs. However, in view of the perceived lack of benefit derived through registration with the SLTB, many enterprises may question the need to do so. Introduction of a policy requiring compulsory registration of SMTEs may to some extent be successful. In contrast, providing an incentive to register, such as concessionary interest rates and educational workshops, may encourage SMTEs as these would be beneficial to the enterprise. The diversity of these enterprises requires that due consideration is given to the definition and categorisation of SMTEs, which would enable the provision of appropriate incentives to meet the needs of the enterprises.

Similarly, access to training and advice in managing and setting-up ecotourism or nature-based ventures may result in more sustainable tourism developments. Likewise, SMTEs should also identify the important role played by them in the planning and development of such ventures to ensure that these remain sustainable over the long-term. Interestingly, one of the issues brought up by participants in the nature-based enterprise category was the lack of co-ordination among the various government departments with authority over such ventures. In view of the potential for such enterprises and the benefits derived to the destination by promoting more eco-friendly tourism enterprises, it is perhaps prudent that procedures and formalities are streamlined. Further, by ensuring that these enterprises deal with only one government authority, SMTEs would be encouraged to continue with such ventures.

Finally, crisis management among SMTEs was found to be minimal with little or no consideration given to measures with which to deal with a similar situation in the future. In the event that such a disaster occurs in the near future, many of these enterprises may not be able to recover for the second time. Similarly, the limited knowledge and awareness of crisis management measures suggest that any crisis management and disaster preparedness strategies developed at the destination level may have limited success. Thus, it is perhaps prudent that regional level associations

are encouraged, which can be utilised as a method of information dissemination in crisis situations. Similarly, help and assistance can also be provided to SMTEs through these regional level associations. However, it is important that these do not become added layers of bureaucracy, but rather a source of assistance to the SMTEs.

6.5 Recommendations for Further Research

While the findings of this study are study specific it has raised some interesting issues faced by SMTEs in disaster recovery efforts. As this study was limited to a specific location, which was one among several affected by the tsunami, it is suggested that a quantitative study be conducted to include all SMTEs within Sri Lanka to determine the significance of the issues faced in the business recovery of these enterprises.

Similarly, further study is recommended into the success of these SMTEs in the post-tsunami tourism industry as envisaged by the government. Although tsunamis or natural disasters are not uncommon, the impact of this disaster across several countries was a unique though tragic occurrence. As such, similar studies carried out in other countries affected by this disaster would enable the identification of successful methods of disaster recovery for SMTEs.

6.6 Conclusion

The inefficiencies and inadequacies of the disaster relief efforts and recovery methods are clearer in hindsight. It is also important that due consideration is given to the fact that Sri Lanka had previously never experienced a disaster of such magnitude and as such, its population was caught unawares. However, the value lies in the extent to which lessons have been learned from this experience by the individuals and enterprises alike.

While the political debate on the implementation of a buffer zone may be resolved when Sri Lanka votes for a new president on the 17th November 2005, the threat of future tsunamis still remains. Whether the experience gained from the 2004 Boxing Day tsunami enables Sri Lanka's tourism industry and its SMTEs to be better prepared in the event of a similar disaster in the future remains to be seen.

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APPENDICES

Appendix I: Hotel Statistics By Resort Region and District – January 2005

Resort Region	Tourist Areas	No. of Hotels in Operation	
		December 2004	January 2005
Colombo	Colombo	21	21
Greater Colombo	Negombo / Moratuwa	49	47
South Coast	Wadduwa / Galle / Matara / Hambantota	92	58
East Coast	Trincomalee / Batticaloa	7	3
Hill Country	Nuwara Eliya / Ratnapura	19	19
Ancient Cities	Kandy	21	21
	Anuradhapura	6	6
	Habarana/Sigiriya/ Dambulla	8	8
	Polonnaruwa	9	9
Northern Region	Jaffna	0	0
Total Hotels		232	192

Adapted from: Monthly Bulletin, Sri Lanka Tourist Board – February 2005

Appendix II: Accommodation Capacity (Rooms) by Region – 1995 to 2004

RESORT REGION	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Colombo City	2,817	2,834	2,798	2,754	2,747	2,582	2,656	2,599	2,571	2,670
Greater Colombo	1,935	1,946	2,045	2,032	2,101	2,254	2,315	2,415	2,526	2,581
South Coast	4,105	4,247	4,692	5,055	5,217	5,306	5,382	5,504	5,521	5,632
East Coast	114	114	114	114	108	151	151	165	258	263
High Country	385	411	469	535	506	570	622	669	709	690
Ancient Cities	1,899	2,048	2,252	2,282	2,239	2,448	2,500	2,466	2,552	2,486
Northern Region	0	0	0	0	0	0	0	0	0	0
ALL REGIONS	11,255	11,600	12,370	12,772	12,918	13,311	13,626	13,818	14,137	14,322

Source: Annual Statistical Report of Sri Lanka Tourism 2004, Sri Lanka Tourist Board

Appendix III: Seasonal Variation in Traffic Flow (Seasonal Indices) – 2000 to 2004*

YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	130	130	121	101	70	66	100	104	93	80	98	105
2001	157	166	158	131	96	101	102	56	42	46	62	83
2002	86	97	101	83	81	80	109	108	101	111	114	129
2003	97	94	98	81	72	76	105	101	86	120	132	138
2004	106	92	81	65	64	68	107	103	109	126	138	140

* Seasonal Indices are compiled by taking average arrivals per month as 100

Adapted from: Annual Statistical Report of Sri Lanka Tourism 2004, Sri Lanka Tourist Board

***Appendix IV: Number of Persons* Engaged in Tourism Industry –
Galle District***

Divisional Secretariat	Pre-tsunami	Post-tsunami
Ambalangoda	30	9
Balapitiya	262	101
Bentota	7	4
Galle Four Gravets	41	19
Habaraduwa	167	41
Hikkaduwa	3850	2068
Total	4357	2242

* persons engaged in the industry in the damaged housing units

*Adapted from the Census of Buildings and Persons Affected by the Tsunami – 2004,
Preliminary Report – 2 series by the Department of Census and Statistics, Sri Lanka.*

Appendix V: Interview Guide

SMTE's

Elimination

- Number of employees in the enterprise

Pre-Tsunami Business Environment

- Type of enterprise
- Type of customers – nationality, domestic / international
- Number of tourists per day / week / month
- Planning and marketing efforts
- Partnerships / affiliations with other tourist industry stakeholders – hotels / travel agents / tour operators

The Consequences of the Tsunami

- Damage caused to the business – structural, assets
- Loss of business

Resumption of Business

- Completely recovered or partially recovered
- Assistance from other sources – Government, NGOs, Tourist Industry
- Difficulties faced with the resumption / recovery

Future Considerations

- Crisis management policies / strategies
- Contingency planning
- Awareness of crisis management policies of other industry stakeholders

OFFICIALS

Pre-Tsunami Business Environment

- Types of SMTEs
- Significance to the industry of SMTEs
- Main tourist markets
- Planning and marketing efforts
- Partnerships / affiliations with regional tourism organisations – SAARC countries

The Consequences of the Tsunami

- Damage caused to the industry
- Damage caused to SMTEs

Resumption of Business

- Assistance from other sources
- Assistance provided to SMTEs
- Difficulties faced with the rebuilding efforts

Future Considerations

- Crisis management policies / strategies
- Contingency planning
- Environmental considerations

Appendix VI: Information Letter and Consent Form – English

INFORMATION LETTER TO PARTICIPANTS

AN EXPLORATORY STUDY OF THE POST-TSUNAMI RECOVERY OF SMALL AND MEDIUM TOURISM ENTERPRISES IN THE GALLE DISTRICT OF SRI LANKA

Dear _____

You are invited to participate in this project, which is being conducted for a thesis in partial fulfilment of the requirements of the Bachelor of Business Honours Award by the Edith Cowan University, Perth, Western Australia. Details of the project are given below for your information.

The purpose of the project is to explore the issues faced by the Small and Medium Tourism Enterprises in the post-Tsunami recovery of the Sri Lanka tourist industry. While these issues will be identified in the findings of the research, the study will also attempt to identify suitable crisis management strategies that can be adapted by these enterprises to ensure long-term sustainability of the enterprise.

The significance of the tourism industry to Sri Lanka's economy has become the focus especially in the aftermath of the Boxing Day Tsunami. As stakeholders of the Sri Lanka tourism industry your contributions to the tourist product and to the economy is important. In view of this it is important that the issues faced by the Small and Medium Tourism Enterprises are taken into consideration in the crisis management strategies adopted by the industry. It is also equally important that the Small and Medium Enterprises are sustainable in the long term. Despite the importance of Small and Medium Tourism Enterprises to the tourist industry very little is known about the crisis management procedures suitable for such enterprises. Therefore the findings from this research will enhance the understanding of these organisations on both an academic and industry level and the knowledge and awareness of crisis management strategies suitable for these organisations.

If you choose to participate in this project you will be asked to participate in a semi-structured, in-depth interview of approximately 30 - 45 minutes duration, conducted at a time and place of your convenience. Interviews will be conducted in English or Sinhalese (your preference) and would be tape recorded to ensure accuracy and reliability. In order to safeguard your privacy your identity will be kept anonymous through the use of codes instead of names. The audiotapes will only be available to the researcher and transcribers (if conducted in Sinhalese). Subsequent reports or papers

arising from this research project will ensure that this anonymity remains. Data collected will be kept for a period of 5 years in a lockable filing cabinet. This research will be conducted in accordance with the strict ethical requirements stipulated by Edith Cowan University ensuring that your participation and resultant information is treated with utmost confidentiality.

There are no foreseeable risks or discomforts that may be associated with this project for the participants. Participation in this project is completely voluntary. If you choose to participate, you are free to withdraw from further participation at any time prior to the commencement of final data analysis without giving a reason and with no negative consequences.

If you have any questions or require any further information about the research project, please contact either my supervisor or myself at the following address.

Yours sincerely

Acushla Felix (Researcher)

121, Munidasa Cumaratunge Mawathe,

Kurana – Katunayake,

Sri Lanka

Tel: 0777 353302 (Sri Lanka mobile)

Email: afelix@student.ecu.edu.au

OR Prof. Ross K. Dowling PhD

(Supervisor)

Foundation Professor & Head of
Tourism

Edith Cowan University

School of Marketing, Tourism &
Leisure,

Faculty of Business & Law

Joondalup WA 6027

Australia

Tel: [61 8] 6304 5891

Fax: [61 8] 6304 5840

Email: r.dowling@ecu.edu.au

INFORMED CONSENT

AN EXPLORATORY STUDY OF THE POST-TSUNAMI RECOVERY OF SMALL AND MEDIUM TOURISM ENTERPRISES IN THE GALLE DISTRICT OF SRI LANKA

I have been provided with a copy of the Information Letter, explaining the project.
I have been given the opportunity to ask questions and any questions have been answered to my satisfaction.

I understand that participation in the research project will involve my:
Participation in a semi-structured in-depth interview of approximately 45 minutes – 1
hours duration, conducted at a time and place of my convenience.

I understand that the interview would be tape-recorded as per the requirements of the unit. I understand that the information will be stored on the tapes for the duration of the project (until December 2005) after which all recordings will be erased.

I understand that the information provided will be kept confidential, will only be used for the purposes of this project and I will not be identified in any written assignment or presentation of the results of this project. I understand that I am free to withdraw from further participation at any time prior to the commencement of final data analysis, without explanation or penalty

I freely agree to participate in the project

.....
Name

.....
Signature

.....
Date

Appendix VII: Sinhalese Transcript Translation Certification

TO WHOM IT MAY CONCERN

An explanatory Study of the Post Tsunami recovery of small and medium tourism enterprises in the Galle District, Sri Lanka.

The candidate Miss Acushla Felix provided a sample tape-recording of the interviews she conducted among the business people and transcript of the interviews.

I have listened to the tapes and found that the transcripts provide true and accurate translations of the views, opinions and comments expressed by the participants.

Yours Truly


ANURUDDHA LIYANAGE (BA)
NAATI Accredited Translator and Interpreter
NAATI NO: 43158

No 1, Binney Mews
Willetton WA 6155

Telephone 9457 0884
Mobile 0403159101

30.10.2005

Appendix VIII: Characteristics of Sample SMTEs

PARTICIPANT	CODE	DAMAGE	TYPE	LOCATION	EMPLOYEES	MARKETING TECHNIQUE	OPERATIONAL LEVEL*	AFFILIATIONS / COLLABORATION	SPECIAL SKILLS / KNOWLEDGE
1	HS 1 F*	Structural, Furniture	Home stay (6 rooms)	Unawatuna	2	Website, word-of-mouth, guidebooks			
2	HS 2 S	Structural, Furniture, Kitchen equipment	Accommodation (8 rooms) + Restaurant	Unawatuna	16 (12)	Website, word-of-mouth, guidebooks	2 rooms + restaurant		
3	SV 1 F	Structural^ Stocks	Souvenir retailer	Unawatuna	0	Location, Direct sales	⌘		
4	HS 3 S*	Structural, Furniture	Accommodation (8 rooms) + Restaurant	Unawatuna	10	Word-of-mouth, Location	4 rooms + restaurant	Travel agents	
5	SV 2 S	Structural, Machinery, Stocks	Silk factory + Retailer	Bentota	18	Word-of-mouth, Location	Sales centre	Tour guides	Skilled labour
<div> <div>* level of operation as at July 2005.</div> <div> <div>F family-run enterprise</div> <div>S single owner</div> <div>P partnership</div> </div> <div> <div>⌘ enterprises registered with the SLTB</div> <div>() Indicates post-tsunami numbers</div> <div>⌘ completely destroyed by disaster</div> <div>⌘ supplementary enterprise - restaurant</div> </div> </div>									

Characteristics of Sample SMTEs - Continued

SMTE	CODE	DAMAGE	TYPE	LOCATION	EMPLOYEES	MARKETING TECHNIQUE	OPERATIONAL LEVEL*	AFFILIATIONS / COLLABORATION	SPECIAL SKILLS / KNOWLEDGE
6	NR 1 S ★ ◇	Water tanks, Equipment, Turtle eggs, Research specimens	Turtle conservation + Souvenir retailer	Bentota	12	Word-of-mouth, Location	Project	Tour guides	Specialised knowledge
7	SV 3 P		Freelance gem supplier	Galle	4 partners	Word-of-mouth		Gem & jewellery stores	
8	SV 4 P ✖ ◇		Souvenir manufacturer + retailer	Galle	70 – 75	Advertising, Word-of-mouth, Travel agents	Sales centre	Travel agents + Tour guides	Skilled labour
9	SV 5 F	Structural^, Equipment, Stocks	Lace manufacturer + retailer	Galle	2	Word-of-mouth, Location	✖		Skilled labour
10	SV 6 S ◇	Stocks	Jewellery manufacturer / retailer	Hikkaduwa	13	Word-of-mouth, Location	Sales centre		Skilled labour
11	SV 7 S ✖		Batik manufacturer + retailer	Ambalangoda	11	Word-of-mouth, Location	Fully operational	Tour guides	Skilled labour
* level of operation as at July 2005. ✖ enterprises registered with the SLTB ^ damage to residence located at same premises * supplementary enterprise - boat rides									
				F family-run enterprise		S single owner		P partnership	
				◇ enterprises registered with other relevant government authorities					
				() Indicates post-tsunami numbers			✖ completely destroyed by disaster		
				★ souvenir sales centre to maintain project			▲ supplementary enterprise - restaurant		

Characteristics of Sample SMTEs - Continued

SMTE	CODE	DAMAGE	TYPE	LOCATION	EMPLOYEES	MARKETING TECHNIQUE	OPERATIONAL LEVEL*	AFFILIATIONS / COLLABORATION	SPECIAL SKILLS / KNOWLEDGE
12	HS 4 F * *	Structural, furniture, kitchen equipment, stocks, boats	Accommodation (12 rooms) + restaurant + boat rides	Hikkaduwa	12 (2)	Word-of-mouth, Location	6 rooms + restaurant		
13	SV 8 S ♦	Structural [^] , equipment, stocks	Lace manufacturer / retailer	Galle	4	Word-of-mouth, Location	⌘	Tour guides	Skilled labour
14	HS 5 S *	Structural, furniture, kitchen equipment	Restaurant	Bentota	5	Word-of-mouth, Location	Fully operational		
15	SV 9 S ♦	Structural [^] , machinery, stocks	Antiques + reproductions manufacturer	Ambalangoda	10	Word-of-mouth, Location			Skilled labour
16	SV 10 S *	Structural, boats, stocks, equipment	Souvenir retailer + boat rides	Hikkaduwa	5	Word-of-mouth, Location	Sales centre		
<p>* level of operation as at July 2005.</p> <p>♦ enterprises registered with the SLTB</p> <p>[^] damage to residence located at same premises</p> <p>* supplementary enterprise - boat rides</p>									
<p>F family-run enterprise</p> <p>♦ enterprises registered with other relevant government authorities</p> <p>() Indicates post-tsunami numbers</p> <p>* souvenir sales centre to maintain project</p> <p>S single owner</p> <p>p partnership</p> <p>⌘ completely destroyed by disaster</p> <p>↘ supplementary enterprise - restaurant</p>									

Characteristics of Sample SMTEs - Continued

SMTE	CODE	DAMAGE	TYPE	LOCATION	EMPLOYEES	MARKETING TECHNIQUE	OPERATIONAL LEVEL*	AFFILIATIONS / COLLABORATION	SPECIAL SKILLS / KNOWLEDGE
17	NR 2 _P		Photo opportunity	Galle	5 partners	Word-of-mouth, Location	Fully operational		
18	HS 6 _P ♦	Structural, furniture, equipment	Accommodation (9rooms) + restaurant	Hikkaduwa	12 (8)	Word-of-mouth, Location, Travel agents	Fully operational	Travel agents	
19	SV 11 _S	Equipment, stocks	Souvenir manufacturer + retailer	Hikkaduwa	2	Word-of-mouth, Location	Fully operational		Skilled labour
20	NR 3 _S ♦	Structural, Water tanks, equipment, turtle eggs, research specimens and data	Turtle conservation + souvenir retailer	Kosgoda	6 (0)	Word-of-mouth, Location	⌘ Project	Tour guides	Specialised knowledge
21	NR 4 _S ♦	Boats, furniture	River boat rides + restaurant	Balapitiya	18 (9)	Word-of-mouth, Location, Travel agents	Fully operational	Travel agents	

* level of operation as at July 2005.

⌘ enterprises registered with the SLTB

^ damage to residence located at same premises

* supplementary enterprise - boat rides

F family-run enterprise

♦ enterprises registered with other relevant government authorities

() Indicates post-tsunami numbers

★ souvenir sales centre to maintain project

S single owner

⌘ completely destroyed by disaster

^ supplementary enterprise - restaurant

P partnership

Appendix IX: Enterprise Level Issues

SMTE Code	Operational	Financial	Human Resource	Personal	Opportunities
HS 1	<ul style="list-style-type: none"> ◦ Building repairs & restoration ◦ Building materials & labour ◦ Furniture & equipment replacement ◦ Service availability & standard 	<ul style="list-style-type: none"> ◦ Capital ◦ Operational costs ◦ Loss of income 		<ul style="list-style-type: none"> ◦ Other commitments 	<ul style="list-style-type: none"> ◦ Memorial service
HS 2	<ul style="list-style-type: none"> ◦ Building repairs & restoration ◦ Building materials & labour ◦ Furniture & equipment replacement ◦ Service availability & standard 	<ul style="list-style-type: none"> ◦ Capital ◦ Operational costs ◦ Loss of income ◦ Loans & debt 	<ul style="list-style-type: none"> ◦ Redundancy ◦ Wage reduction ◦ Employee loyalty 	<ul style="list-style-type: none"> ◦ Other commitments 	
HS 3	<ul style="list-style-type: none"> ◦ Building repairs & restoration ◦ Building materials & labour ◦ Furniture & equipment replacement ◦ Service availability & standard 	<ul style="list-style-type: none"> ◦ Capital ◦ Operational costs ◦ Loss of income ◦ Loans & debt ◦ Insurance 	<ul style="list-style-type: none"> ◦ Redundancy ◦ Wage reduction ◦ Employee welfare 	<ul style="list-style-type: none"> ◦ Lifestyle 	<ul style="list-style-type: none"> ◦ Piece of door and plaque explaining the events displayed prominently
HS 4	<ul style="list-style-type: none"> ◦ Building repairs & restoration ◦ Furniture & equipment replacement ◦ Service availability & standard 	<ul style="list-style-type: none"> ◦ Capital ◦ Operational costs ◦ Loss of income ◦ Loans & debt 	<ul style="list-style-type: none"> ◦ Redundancy 	<ul style="list-style-type: none"> ◦ Financial constraints - family 	<ul style="list-style-type: none"> ◦ May attract tourists curious about the impact
HS 5	<ul style="list-style-type: none"> ◦ Building repairs & restoration ◦ Furniture & equipment replacement ◦ Public utilities 	<ul style="list-style-type: none"> ◦ Capital ◦ Operational costs ◦ Loss of income ◦ Loans & debt 	<ul style="list-style-type: none"> ◦ Employee welfare 		

Enterprise Level Issues - Continued

SMTE Code	Operational	Financial	Human Resource	Personal	Opportunities
HS 6	<ul style="list-style-type: none"> Building repairs & restoration Furniture & equipment replacement Service availability & standard Public utilities 	<ul style="list-style-type: none"> Capital Operational costs Loss of income Loans & debt 	<ul style="list-style-type: none"> Redundancy 	<ul style="list-style-type: none"> Financial constraints - family 	
SV 1	<ul style="list-style-type: none"> Building repairs & restoration Display unit replacement Product availability 	<ul style="list-style-type: none"> Capital Operational costs Loss of income Loans & debt 		<ul style="list-style-type: none"> Lifestyle 	
SV 2	<ul style="list-style-type: none"> Building repairs & restoration Machinery replacement Product availability & standard 	<ul style="list-style-type: none"> Capital Operational costs Loss of income Loans & debt 	<ul style="list-style-type: none"> Wage reduction Employee welfare 		<ul style="list-style-type: none"> Indication of the tsunami water level on a wall
SV 3		<ul style="list-style-type: none"> Loss of income 			
SV 4	<ul style="list-style-type: none"> Product manufacture & availability 	<ul style="list-style-type: none"> Capital Operational costs Loss of income Loans & debt Insurance 	<ul style="list-style-type: none"> Wage reduction Employee welfare Employee morale 		
SV 5	<ul style="list-style-type: none"> Building repairs & restoration Equipment replacement Product manufacture & availability 	<ul style="list-style-type: none"> Capital Operational costs Loss of income Loans & debt 		<ul style="list-style-type: none"> Priorities – rebuild residence 	

Enterprise Level Issues - Continued

SMTE Code	Operational	Financial	Human Resource	Personal	Opportunities
SV 6	<ul style="list-style-type: none"> Product manufacture & availability 	<ul style="list-style-type: none"> Capital Operational costs Loss of income Loans & debt 	<ul style="list-style-type: none"> Redundancy Wage reduction Employee welfare Employee loyalty Employee morale 		
SV 7	<ul style="list-style-type: none"> Product manufacture & availability 	<ul style="list-style-type: none"> Capital Operational costs Loss of income Loans & debt 	<ul style="list-style-type: none"> Wage reduction Employee welfare Employee loyalty 		
SV 8	<ul style="list-style-type: none"> Building repairs & restoration Equipment replacement Product manufacture & availability 	<ul style="list-style-type: none"> Capital Operational costs Loss of income Loans & debt 		<ul style="list-style-type: none"> Priorities – rebuild residence 	
SV 9	<ul style="list-style-type: none"> Building repairs & restoration Equipment replacement Product manufacture & availability 	<ul style="list-style-type: none"> Capital Operational costs Loss of income Loans & debt Loan insurance 		<ul style="list-style-type: none"> Priorities – children’s mental health 	
SV 10	<ul style="list-style-type: none"> Building repairs & restoration Equipment replacement Product manufacture & availability 	<ul style="list-style-type: none"> Capital Operational costs Loss of income Loans & debt 	<ul style="list-style-type: none"> Redundancy 	<ul style="list-style-type: none"> Financial constraints – family Lifestyle 	

Enterprise Level Issues - Continued

SMTE Code	Operational	Financial	Human Resource	Personal	Opportunities
SV 11	<ul style="list-style-type: none"> Relocate to new rental property Equipment replacement Product manufacture & availability 	<ul style="list-style-type: none"> Capital Operational costs Loss of income 			
NR 1	<ul style="list-style-type: none"> Repairs & restoration of tanks Equipment replacement Turtles and turtle eggs 	<ul style="list-style-type: none"> Capital Operational costs Loss of income 			<ul style="list-style-type: none"> Preservation of damaged water tank as an indication of the damage
NR 2		<ul style="list-style-type: none"> Loss of income 		<ul style="list-style-type: none"> Financial constraints – family Lifestyle 	
NR 3	<ul style="list-style-type: none"> Repairs & restoration of tanks Equipment replacement Turtles and turtle eggs 	<ul style="list-style-type: none"> Capital Operational costs Loss of income 	<ul style="list-style-type: none"> Redundancy 		
NR 4	<ul style="list-style-type: none"> Boats & equipment replacement Service availability & standard 	<ul style="list-style-type: none"> Capital Operational costs Loss of income 	<ul style="list-style-type: none"> Redundancy 		

Appendix X: Industry Level Issues

SMTE Code	Other Stakeholders	Affiliation & Collaboration	Supplier Network
HS 1	Disadvantage from <ul style="list-style-type: none"> ◦ Intra regional ◦ Inter regional 	◦ Local travel trade associations	
HS 2	Advantage from <ul style="list-style-type: none"> ◦ Inter regional 	◦ Local travel trade associations	
HS 3	No advantage or disadvantage from <ul style="list-style-type: none"> ◦ Intra regional 	◦ Travel agents / tour operators	
HS 4	Advantage from <ul style="list-style-type: none"> ◦ Intra regional 		
HS 5	Advantage from <ul style="list-style-type: none"> ◦ Intra regional 		
HS 6	Advantages and disadvantages from <ul style="list-style-type: none"> ◦ Intra regional 	◦ Travel agents / tour operators	
SV 1	No advantage or disadvantage from <ul style="list-style-type: none"> ◦ Intra regional 	◦ Sales commissions	◦ No credit facilities
SV 2	Disadvantage from <ul style="list-style-type: none"> ◦ Inter regional 	◦ Sales commissions	
SV 3			◦ Potential loss of network due to closure of jewellery stores
SV 4	Advantage from <ul style="list-style-type: none"> ◦ Intra regional 	◦ Sales commissions	

Industry Level Issues - Continued

SMTE Code	Other Stakeholders	Affiliation & Collaboration	Supplier Network
SV 5		◦ Sales commissions	◦ Potential loss of network due to closure
SV 6	Disadvantage from ◦ Inter regional		
SV 7		◦ Sales commissions	
SV 8			◦ Potential loss of network due to closure
SV 9			
SV 10			◦ Credit facilities extended by supplier
SV 11	Advantage from ◦ Intra regional		
NR 1	Disadvantage from ◦ Intra regional	◦ Sales commissions	◦ Potential loss of suppliers ◦ Potential for community to resume former bad habits
NR 2	Advantage from ◦ Intra regional		
NR 3	Advantage from ◦ Intra regional	◦ Sales commissions	◦ Potential loss of suppliers ◦ Potential for community to resume former bad habits
NR 4		◦ Travel agents / tour operators	

Appendix XI: Government Level Issues

SMTE Code	Co-ordinator	Policy & Regulation	Relief Assistance	SLTB
HS 1	◦ Inefficient disaster response	◦ Inadequate implementation of buffer zone policy	◦ Insufficient to meet the needs	◦ Biased
	◦ Relief effort co-ordination		◦ Inflexible relief loan	◦ Concerns with marketing & promotion campaign
	◦ Internal co-ordination			◦ Little consideration in planning & development
HS 2	◦ Internal co-ordination	◦ Buffer zone policy	◦ No assistance received	◦ Need more marketing & promotion
		◦ Conformance with buffer zone policy		◦ Little consideration in planning & development
HS 3		◦ Buffer zone policy	◦ No assistance received	◦ SLTB registration still pending
				◦ Marketing & promotion of locality adequate
HS 4	◦ Inefficient disaster response	◦ Buffer zone policy	◦ No assistance received	◦ Biased
	◦ Relief effort co-ordination	◦ Conformance with buffer zone policy		◦ Should include SMTEs in planning & development
				◦ Need to restore to previous condition to renew SLTB license
HS 5	◦ Inefficient disaster response	◦ Buffer zone policy	◦ No assistance received	◦

Government Level Issues - Continued

SMTE Code	Co-ordinator	Policy & Regulation	Relief Assistance	SLTB
HS 6	<ul style="list-style-type: none"> ◦ Inefficient disaster response ◦ Relief effort co-ordination 	<ul style="list-style-type: none"> ◦ Buffer zone policy ◦ Conformance with buffer zone policy 	<ul style="list-style-type: none"> ◦ No assistance received 	<ul style="list-style-type: none"> ◦ Biased ◦ Unable to obtain SLTB registration due to practical difficulties ◦ Unable to obtain liquor license as unregistered with SLTB ◦ Insufficient standardisation and regulation of foreign investors
SV 1	<ul style="list-style-type: none"> ◦ Relief effort co-ordination ◦ Internal co-ordination 	<ul style="list-style-type: none"> ◦ Buffer zone policy ◦ Conformance with buffer zone policy 	<ul style="list-style-type: none"> ◦ No assistance received for enterprise 	<ul style="list-style-type: none"> ◦ No perceivable benefit from SLTB registration
SV 2	<ul style="list-style-type: none"> ◦ Inefficient disaster response ◦ Internal co-ordination 	<ul style="list-style-type: none"> ◦ Buffer zone policy ◦ Conformance with buffer zone policy 	<ul style="list-style-type: none"> ◦ Insufficient to meet the needs ◦ Unreliable 	
SV 3			<ul style="list-style-type: none"> ◦ No assistance received 	<ul style="list-style-type: none"> ◦ Need more marketing & promotion
SV 4			<ul style="list-style-type: none"> ◦ No assistance received 	<ul style="list-style-type: none"> ◦ Should not emphasise the tsunami in marketing & promotion
SV 5			<ul style="list-style-type: none"> ◦ Insufficient to meet the needs ◦ Unreliable 	<ul style="list-style-type: none"> ◦ SLTB should be instrumental in transporting tourists to enterprises.
SV 6	<ul style="list-style-type: none"> ◦ Relief effort co-ordination 		<ul style="list-style-type: none"> ◦ No assistance received 	<ul style="list-style-type: none"> ◦ Need more marketing & promotion
SV 7	<ul style="list-style-type: none"> ◦ Relief effort co-ordination 		<ul style="list-style-type: none"> ◦ No assistance received 	<ul style="list-style-type: none"> ◦ Need more marketing & promotion

Government Level Issues - Continued

SMTE Code	Co-ordinator	Policy & Regulation	Relief Assistance	SLTB
SV 8			<ul style="list-style-type: none"> ◦ Insufficient to meet the needs ◦ Loss of all documentation relating to the enterprise 	
SV 9	<ul style="list-style-type: none"> ◦ Inefficient disaster response 	<ul style="list-style-type: none"> ◦ Buffer zone policy ◦ Conformance with buffer zone policy 	<ul style="list-style-type: none"> ◦ Insufficient to meet the needs ◦ Inflexible relief loan 	
SV 10		<ul style="list-style-type: none"> ◦ Buffer zone policy ◦ Conformance with buffer zone policy 	<ul style="list-style-type: none"> ◦ No assistance received 	
SV 11			<ul style="list-style-type: none"> ◦ No assistance received 	<ul style="list-style-type: none"> ◦ Need more marketing & promotion
NR 1	<ul style="list-style-type: none"> ◦ Internal co-ordination 	<ul style="list-style-type: none"> ◦ Buffer zone policy ◦ Conformance with buffer zone policy 	<ul style="list-style-type: none"> ◦ No assistance received ◦ Less priority to conservation projects 	<ul style="list-style-type: none"> ◦ No marketing & promotion of turtle conservation projects
NR 2			<ul style="list-style-type: none"> ◦ No assistance received 	
NR 3	<ul style="list-style-type: none"> ◦ Inefficient disaster response ◦ Internal co-ordination 	<ul style="list-style-type: none"> ◦ Buffer zone policy ◦ Conformance with buffer zone policy 	<ul style="list-style-type: none"> ◦ No assistance received 	
NR 4	<ul style="list-style-type: none"> ◦ Internal co-ordination 		<ul style="list-style-type: none"> ◦ Insufficient to meet the needs 	<ul style="list-style-type: none"> ◦ Insufficient marketing & promotion ◦ Natural resources are under utilised in planning & development

Appendix XII: Community Level Issues

SMTE Code	Local Community	Natural Resource
HS 1	◦ Obtain financial assistance for local community	◦ Appeal of locality reduced due to debris
HS 2	◦ Obtain financial assistance for local community	◦ Debris clearance as member of local travel trade association
HS 3		
HS 4		
HS 5		
HS 6		
SV 1		
SV 2		
SV 3		
SV 4	◦ Employees from local community	
SV 5	◦ Suppliers from local community	
SV 6		
SV 7	◦ Employees from local community	
SV 8	◦ Suppliers from local community	
SV 9	◦ Theft of products in the aftermath of disaster	
SV 10	◦ Theft of products in the aftermath of disaster	◦ Protection of beach a necessity
SV 11		
NR 1	◦ Suppliers from local community	◦ Close proximity and protection of beach a necessity
NR 2		◦ Protection of beach a necessity
NR 3	◦ Suppliers from local community	
NR 4		◦ Use of non eco-friendly equipment detrimental to the environment

Appendix XIII: Long-term Recovery – Crisis Management & Future Development

SMTE Code	Awareness & Knowledge	Perceptions	Precautionary Measures	Future Development
HS 1	<ul style="list-style-type: none"> ◦ Buffer zone ◦ Natural vegetation 	<ul style="list-style-type: none"> ◦ May not be limited to the buffer zone 	<ul style="list-style-type: none"> ◦ Growth of natural vegetation 	<ul style="list-style-type: none"> ◦ Inadequate medical facilities ◦ Effective planning and development of crisis management strategies
HS 2	<ul style="list-style-type: none"> ◦ Buffer zone 	<ul style="list-style-type: none"> ◦ Tourists say will not happen 	<ul style="list-style-type: none"> ◦ Reinforce the upstairs 	
HS 3	<ul style="list-style-type: none"> ◦ Buffer zone 	<ul style="list-style-type: none"> ◦ Unlikely to happen again in my lifetime 		
HS 4	<ul style="list-style-type: none"> ◦ Buffer zone 	<ul style="list-style-type: none"> ◦ Tourists say will not happen 	<ul style="list-style-type: none"> ◦ Reinforce the upstairs 	<ul style="list-style-type: none"> ◦ Lack of government interest in boat rides due to pollution
HS 5	<ul style="list-style-type: none"> ◦ Buffer zone 	<ul style="list-style-type: none"> ◦ Unlikely to happen again in near future 		
HS 6	<ul style="list-style-type: none"> ◦ Buffer zone 			<ul style="list-style-type: none"> ◦ Sale of enterprise and relocate to different location
SV 1	<ul style="list-style-type: none"> ◦ Buffer zone 	<ul style="list-style-type: none"> ◦ Tourists say will not happen 	<ul style="list-style-type: none"> ◦ Reinforcement to building 	
SV 2	<ul style="list-style-type: none"> ◦ Buffer zone 	<ul style="list-style-type: none"> ◦ Unlikely to happen again in near future 	<ul style="list-style-type: none"> ◦ Reinforce the upstairs 	
SV 3	<ul style="list-style-type: none"> ◦ Buffer zone 			
SV 4	<ul style="list-style-type: none"> ◦ Buffer zone 	<ul style="list-style-type: none"> ◦ Unlikely to affect enterprise 		

Long-term Recovery – Crisis Management & Future Development - Continued

SMTE Code	Awareness & Knowledge	Perceptions	Precautionary Measures	Future Development
SV 5	◦ Buffer zone		◦ Insure against such damage	
SV 6	◦ Buffer zone	◦ Unlikely to happen again in near future		
SV 7	◦ Buffer zone	◦ Will not affect enterprise		
SV 8	◦ Buffer zone		◦ Reinforce the upstairs	◦ Loss of all documents relating to enterprise
SV 9	◦ Buffer zone	◦ Rumours that will happen soon but unlikely to happen in near future	◦ Reinforce the upstairs	
SV 10	◦ Buffer zone			◦ Assistance to obtain import license
SV 11	◦ Buffer zone			
NR 1	◦ Buffer zone ◦ Natural vegetation	◦ Likely to happen again	◦ Build barrier on the beach ◦ Natural vegetation	◦ Priority to community recovery
NR 2	◦ Buffer zone			◦ Assistance to change to more stable enterprise
NR 3	◦ Buffer zone			
NR 4	◦ Buffer zone			◦ Assistance to obtain eco-friendly equipment ◦ Diversify enterprise.

Appendix XIV: Glossary of Terms

Community Level

The local community and the natural resources in the locality which have an impact on and may be impacted by the operations of the enterprise, which are part of the external environment of the enterprise and not within the direct control of the owner.

Crisis

“A situation where the root cause of an event, is to some extent, self-inflicted through such problems as inept management structures and practices or failure to adapt to change.” (Faulkner, 2001, p. 136)

Disaster

“Situations where an enterprise (or collection of enterprises in the case of a tourist destination) is confronted with sudden unpredictable catastrophic changes over which it has little control.” (Faulkner, 2001, p. 136)

Enterprise Level

Enterprise level is identified as the internal environment of the enterprise

which is controllable by the owner. This includes the enterprise structure, any physical assets of the enterprise, financial resources, human resources and the owner's personal characteristics that may influence the day-to-day operations of the enterprise.

External Environment Level

The wider external environment which includes the influences of international tourists, environmental threats such as natural disasters, political influences such as security and political instability and economic impacts such as assistance from foreign donor agencies.

Government Level

All government sector bodies that are a part of the external environment of the enterprise and have authority over the operations of the enterprise. This includes the local, district, provincial and national levels of government.

Human Induced Disaster

“Negative events triggered by humans”. (Glaesser, 2003, pp. 9-10)

Industry Level

Other private sector stakeholders of the tourism industry that form a part of the external environment that is not within the direct control of the enterprise. This includes intra and inter regional competitors, other tourism related enterprises providing goods or services different to that provided by the enterprise and suppliers.

Natural Disaster

“Crises triggered by negative events in nature such as tropical cyclones, storm tides, floods, avalanches, [tsunamis], etc.” (Glaesser, 2003, p. 9)

Small and Medium Tourism Enterprises (SMTEs)

An enterprise that provides goods and services or products wholly or mainly for the consumption of tourists and can be a single owner operator, family business or an enterprise employing more than 1 but less than 100 full-time employees.

Sustainable Development

“Sustainable development is positive socio-economic change that does not undermine the ecological and social systems upon which communities and society are dependent.” (Hall, 2003, p. 26)

System

“A group of interrelated, interdependent and interacting elements that together form a single functional structure.” (Weaver & Lawton, 2000, p. 22)

Tourism

“The theories and practices of travelling and visiting places for leisure- related purposes.” (Leiper, 1995, p. 20)

Tourism Industry

“The sum of the industrial and commercial activities that produce goods and services wholly or mainly for tourist consumption.” (Weaver & Lawton, 2000, p. 47)

Tourism Stakeholders

Persons or organisations that have an interest in the tourism industry and can influence the industry through their own actions or be influenced by actions of others in the industry. (Buhalis, 2003)

Tourist

“[A person] who travels away from their normal residential region for a temporary period of at least one night, to the extent that their behaviour involves a search for leisure experiences from interactions with features or characteristics of places they choose to visit.” (Leiper, 1995, p. 11)