

## **Creative Destruction and the Aftermath of the Tsunami: Recovery of Southern Sri Lankan Small Business in the Face of Inertia**

*Travis Perera*

### **ABSTRACT**

*The Tsunami of December 26, 2004 killed over 35,000 in Sri Lanka, made 400,000 people jobless and damaged the economy by 6.5%. The physical damage is around US\$1.5 billion, reconstruction costing \$ 2 bn.. At the Sri Lanka Development Forum in May 16, 2005 donors committed US\$ 2.2 billion for reconstruction. In Schumpeterian terms the scene implies opportunities for creativity and innovation. In Lacanian terms, however, the real is more complex than reality.*

*Although entrepreneurs are opportunity seekers, take risk and thrive in uncertainty, and the supportive environment in Sri Lanka is more promising now than in the past, alignment of competency and institutional support is not fully realized for necessary recovery and growth.*

*This problem is studied by revisiting Inertia Theory for understanding entrepreneurial inertia, Network Theory for interaction of environment and entrepreneur, and Theory on Disaster Management to understand stage related issues.*

---

**Dr. Travis Perera Ph.D (Sri.J.), MBA (Sri.J.)** is Senior Consultant, Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka.

*Natural Disasters like the Asian Tsunami have a high impact on industry, and while research is lacking in this area it is more so in relation to small business. As such, the objective of this paper is to give insight into the current recovery process and to future preparedness for small business management following natural disaster.*

*The methodology followed involves a survey of at least 89 Sri Lankan small businesses affected by the recent Tsunami who are in the process of recovery. The unique process adapted by the Postgraduate Institute of Management in Sri Lanka of participation, observation and designing systems is utilized.*