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# Guidelines for Sustainable Budget Planning in Enhancing Pattaya's Tourism Industry

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## Abstract

Budgetary dependence remains a critical factor shaping the trajectory of local economic development, particularly in tourism-dependent cities such as Pattaya, Thailand. This study examines the extent to which reliance on external funding sources, including central government transfers and private sector investment, influences the growth and sustainability of Pattaya's tourism industry. The findings suggest that overreliance on external sources reduces local responsiveness and undermines competitiveness in an increasingly dynamic tourism market. To address these challenges, the study argues for diversifying revenue streams, strengthening fiscal self-sufficiency, and adopting integrated budget strategies aimed at enhancing resilience. Ultimately, the analysis underscores the necessity of balancing dependence with fiscal innovation to ensure sustainable tourism growth in Pattaya.

**Keywords:** Budgetary Dependence, Fiscal Self-Sufficiency, Tourism Sustainability, Pattaya Tourism Industry, External Funding Sources

## 1. Introduction

First and foremost, Pattaya is one of Thailand's most major international tourism destinations, attracting millions of people each year. The city's economic growth and municipal revenue are heavily dependent on external funding sources including central government transfers, private investment, and international visitor spending. This budgetary reliance has a direct impact on the sustainability of tourist development and the industry's competitiveness. For example, during the COVID-19 epidemic, a substantial drop in international tourist arrivals resulted in serious income difficulties, limiting the city's ability to maintain infrastructure and develop new initiatives.

Secondly, as a tourism-driven city, budgetary dependence restricts the local government's ability to allocate funds flexibly and independently. Limited fiscal autonomy reduces responsiveness to sudden market changes and external shocks. According to data from the Tourism Authority of Thailand, Pattaya's international visitor numbers in 2020 dropped by more than 70% compared with 2019, while the city's tourism-related revenues declined correspondingly, highlighting the vulnerability of an externally dependent budget structure.

We need to be concerned about this issue:

1. If Pattaya continues to rely heavily on central funding and international tourist inflows, the city will remain exposed to external risks such as global crises and geopolitical fluctuations.
2. If local fiscal policies are not reformed to encourage greater revenue self-sufficiency, the ability to maintain and upgrade tourism infrastructure will remain constrained.
3. If management practices do not actively diversify funding channels—such as local tax innovation, partnerships, or sustainable investment—the structural problem of budgetary dependence will persist.

Therefore, the problem of budgetary dependence in Pattaya's tourism industry is highly relevant and urgently needs to be studied in depth to identify effective strategies for balancing external reliance with local fiscal innovation, ensuring sustainable competitiveness in the global tourism market.

Figure 1: Pattaya Annual International Visitor Statistics

Source: Tourism Authority of Thailand (TAT), 2024 Annual Report

Figure 2: Pattaya Municipal Tourism Revenue and Budget Allocation Statistics

Source: Ministry of Tourism and Sports, Thailand, 2024 Tourism Statistics Report

### **1.1 Research Problem**

Despite being one of Thailand's most prominent tourism destinations, Pattaya's tourism industry faces a critical challenge of budgetary dependence. The city relies heavily on external sources of funding, including central government transfers and revenues from international tourist inflows, while its local fiscal autonomy remains limited. This overreliance makes the tourism sector highly vulnerable to external shocks such as global pandemics, economic downturns, or policy changes. The main problem is that Pattaya's tourism development and competitiveness are constrained by insufficient locally generated revenue and limited diversification of funding channels.

### **1.2 Research Objective (TNR 12pt., bold)**

1. Analyze the extent of Pattaya's reliance on external funding sources for tourism development.
2. Identify the risks and limitations caused by this fiscal dependence, particularly in times of crisis.
3. Evaluate how budgetary constraints influence tourism infrastructure, service quality, and overall competitiveness.
4. Propose strategies for diversifying revenue streams and strengthening local fiscal autonomy in order to build a more resilient tourism sector.

5. By addressing these objectives, the study aims to contribute practical insights into balancing external dependence with innovative local fiscal strategies, ensuring sustainable growth and improved competitiveness for Pattaya's tourism industry.

## 2. Literature review

Tourism is critical to the economic structure of many developing and middle-income countries, with places like Pattaya relying largely on revenue from international visitors. Dwyer and Forsyth (2006) argue that government policies and budgetary allocations have a significant impact on tourism competitiveness, as they determine the quality of infrastructure, marketing, and destination management. Pattaya's overreliance on central government transfers and tourist-generated cash makes it vulnerable during times of crisis.

Scholars have argued that budgetary dependency lowers fiscal autonomy and resilience. According to Sharpley and Telfer (2015), tourism-dependent economies frequently experience structural problems when revenue streams are insufficiently diverse. Similarly, Okpala (2019) argues that fiscal reliance on external financing sources increases vulnerability to external shocks such as global recessions or pandemics. Pattaya's COVID-19 issue demonstrated this dilemma. In summary, existing literature highlights a consistent pattern: while budgetary dependence may ensure short-term financial inflows, it undermines resilience, competitiveness, and sustainable growth. The gaps in research lie in how specific destinations like Pattaya can transition from dependence to greater fiscal self-sufficiency, and what strategies can be tailored to its unique socio-economic context. This study seeks to address these gaps by providing an in-depth analysis of Pattaya's fiscal structure and proposing solutions for sustainable tourism development.

## 3. Methodology

### 3.1 Research Design

This study adopts a qualitative-dominant mixed-methods design to investigate the impact of budgetary dependence on the competitiveness of Pattaya's tourism industry. A case study approach was chosen because Pattaya represents a typical example of a tourism-dependent city facing fiscal vulnerabilities. The combination of document analysis, statistical review, and stakeholder interviews enable a comprehensive understanding of both the structural and practical aspects of the issue.

### 3.2 Data Collection

#### (a) Secondary Data

Secondary data were obtained from official government sources, including the Tourism Authority of Thailand (TAT), the Ministry of Tourism and Sports, and Pattaya City Council budget reports. Data on visitor arrivals, municipal revenues, and budget allocations from 2018 to 2024 were collected to identify patterns of dependence and insufficiency. Relevant academic

literature, policy papers, and media reports were also reviewed to provide context and theoretical grounding.

(b) Primary Data)

Semi-structured interviews were conducted with key stakeholders, including:

Semi-structured interviews were conducted with key stakeholders, including:

1. Local government officials from the Pattaya City Council finance and tourism departments
2. Representatives of the Tourism Authority of Thailand (Chonburi office)
3. Private sector stakeholders (hotel managers, tourism business owners)
4. Local community representatives involved in tourism-related activities

Each interview lasted between 45 and 60 minutes and focused on participants' perceptions of budgetary dependence, fiscal challenges, and strategies for improving sustainability.

### 3.3 Data Analysis

Quantitative data (visitor numbers, revenue streams, budget allocations) were analyzed using descriptive statistics and trend analysis to demonstrate the extent of budgetary dependence and its fluctuations over time. Qualitative data from interviews were transcribed and coded thematically, following Braun and Clarke's (2006) thematic analysis framework. Themes were categorized into three main areas:

- (1) patterns of fiscal dependence,
- (2) impacts on tourism competitiveness, and (3) proposed strategies for fiscal diversification.

### 3.4 Reliability and Validity

Triangulation was applied by combining multiple data sources (statistical records, literature, and stakeholder interviews) to enhance the validity of findings. Reliability was ensured through standardized interview protocols and transparent coding procedures.

### 3.5 Ethical Considerations

All participants were informed of the purpose of the study and gave informed consent before participation. Anonymity and confidentiality were strictly maintained, and the research adhered to ethical guidelines for social science studies.

## 4. Results

### 4.1 Quantitative Findings

Visitor Arrivals and Revenue Trends Analysis of data from the Tourism Authority of Thailand (2018–2024) shows that Pattaya's international visitor arrivals reached a peak of 10.5

million in 2019, contributing approximately 120 billion THB in tourism revenue. However, due to the COVID-19 pandemic, arrivals dropped by over 72% in 2020, with revenues declining to 33 billion THB. Although recovery began in 2022, visitor numbers and revenues in 2024 remained about 15% lower than pre-pandemic levels.

### 4.2 Qualitative Findings

#### Theme 1: Structural Fiscal Dependence

Interviews with local government officials revealed strong concerns about overreliance on central transfers. One finance officer stated: “Without Bangkok’s allocation, Pattaya cannot maintain even basic infrastructure for tourism.” Stakeholders emphasized the lack of mechanisms to generate sustainable local revenue.

#### Theme 2: Impact on Tourism Competitiveness

Tourism business owners reported that insufficient funds delayed infrastructure upgrades such as road improvements, beach restoration, and waste management. Several hotel managers noted that negative tourist perceptions regarding cleanliness and congestion reduced repeat visits.

#### Theme 3: Limited Crisis Resilience

Local community representatives highlighted that budgetary dependence limited Pattaya’s ability to respond to crises. During COVID-19, the city was unable to fund alternative tourism promotion campaigns or digital initiatives, which competitors like Phuket and Bali implemented more effectively.

Summary of Results:

1. Pattaya’s tourism industry remains highly dependent on external funding (65%+ of budget).
2. Crises such as COVID-19 exposed fiscal fragility and reduced competitiveness.
3. Budget insufficiency directly affects infrastructure quality and tourist satisfaction.

## 5. Conclusion

This study examined the implications of budgetary dependence on Pattaya’s tourism industry and its effects on competitiveness and sustainable growth. The results demonstrate that Pattaya relies heavily on external funding sources, including central government transfers and revenues from international tourists, which exposes the city to financial vulnerabilities during crises such as the COVID-19 pandemic. Quantitative analysis showed that declines in visitor arrivals directly affected municipal revenues and reduced investment in infrastructure and services, leading to lower tourist satisfaction.

In conclusion, budgetary dependence significantly influences the competitiveness and resilience of Pattaya’s tourism industry. To ensure sustainable growth, the city must reduce its reliance on external funds, strengthen local fiscal autonomy, and adopt diversified funding

strategies. By balancing external dependence with local innovation, Pattaya can improve infrastructure, enhance tourist satisfaction, and maintain its position as a leading international tourism destination.

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