

**IMPACTS OF INVESTMENTS FOR REGIONAL AND LOCAL DEVELOPMENT;
THE CASE OF PHUKET, THAILAND**

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Abstract

Rapid growth of the tourism industry and significant investments have led to the transformation of Phuket into one of Southeast Asia's leading tourist destinations. Since the mid-1990s, Phuket has experienced a rapid increase in total annual visitor arrivals. This was also due to an extensive network of hotels and resorts, as well as a wide range of leisure activities available to visitors. This article sheds light on how tourism investments may impact regional and local development. We investigate this topic by analyzing the impacts of two large investment projects in Phuket: The Laguna PhuKet Golf Resort (LPGR) and The Viceroy Hotel & Residences, both with different characteristics, size, type and ownership structure.

Keywords: investment effects, capitalizing, multiplier effects, Foreign Direct Investment (FDI)

Introduction

Located in the Andaman Sea off the southwestern coast of Thailand, Phuket is one of Thailand's most popular tourist destinations. Phuket has been a popular tourist destination since the 1930s, and its population has historically been made up of a mix of locals and tourists. In recent years, Phuket has experienced a rapid rise in total annual visitor arrivals. Phuket's rapid growth in tourism has been due to a number of factors, including the island's year-round warm weather, tropical beaches, and rich cultural heritage. The island also offers a wide array of tourist attractions, including a Phang Nga Bay national park with scenic limestone karst formations, an active volcano at nearby Khao Lak, and the Phuket Botanical Gardens. In addition to its natural beauty, Phuket also boasts a variety of tourist-friendly amenities. Significantly, Phuket has developed a robust tourism infrastructure, including a large number of hotels and resorts of varying sizes and price ranges. The island's tourism industry has also benefited from its easy accessibility; Phuket International Airport is the second busiest airport in Thailand, with direct flights arriving from many international destinations. In recent years, the growth in tourism has also been driven by the island's reputation as a luxury travel destination. Phuket is home to a number of high-end resorts and hotels, including The Viceroy Phuket, which houses a Michelin-starred restaurant, and Six Senses Spa Phuket, where rooms cost more than \$1,000 per night.



Image Source: Unsplash

Research on importance of investments for a region

Tourism investments can have a wide range of impacts on regional and local development, including employment, incomes, and economic growth, but also local culture, environment and social impacts. Investments can generally be classified into three categories: direct investment, investment in local infrastructure and investment in local human capital. While direct investments can be physical (such as hotels, resorts, and golf courses), financial (such as financing of existing businesses), or intellectual property (such as franchising), and have the potential to produce positive social and economic externalities, it is important to note that excessive investments in a specific area can lead to overspecialization, which can cause other sectors to decline. Investments in local infrastructure, such as airports, seaports, and roads, can have a positive impact on an area's tourism industry, as well as other industries. Investments in local human capital, such as training and education, have the potential to improve the overall quality of life in a region.

Laguna Phuket Golf Resort investment project

Laguna Phuket Golf Resort (LPGR) is a large-scale investment project in the south of Phuket, Thailand. The project includes the construction of a new 18-hole golf course, a golf academy, two residential projects, a conference centre and hotel, and a shopping mall. The project is

owned by the Thai billionaire Charoen Sirivadhanabhakdi and the Japanese company Ashai Golf. The project will cost an estimated US\$1.2 billion and is expected to create approximately 5,000 construction jobs and 6,000 operational jobs. The majority of these jobs will be filled by Thai employees, but the majority of the golf professionals, including caddies, will be hired from abroad. Laguna Phuket Golf Resort is expected to attract between eight and twelve million visitors each year.

The Viceroy Hotel & Residences investment project

The Viceroy Hotel & Residences is a large-scale investment project in the south of Phuket, Thailand. The project includes the construction of an upper-class hotel with 172 rooms, a residential project with 214 units, a commercial shopping area with three mixed-use buildings, and a public park. The project is owned by the American company Viceroy Hotel Resorts and the Thai company Sonsiri. The project is estimated to cost approximately US\$300 million. The Viceroy Hotel & Residences is expected to attract approximately two million visitors each year.

Opinions of local residents about benefits of tourism development in Phuket

Tourism investments can positively impact the economic and social development of a region. Investments in hotels, resorts, and other hospitality facilities can create jobs and increase incomes for local residents. Investments in local infrastructure, such as airports, seaports, and roads, can facilitate the flow of tourism, while also benefiting other industries. Investments in local human capital, such as training and education, can improve the overall quality of life in a region. While the social and economic benefits of tourism investments are clear, these benefits are not distributed equally across all residents. The rich in society benefit from tourism, receiving high incomes and social status, while the poor often receive low incomes and suffer from increased congestion and pollution. In Phuket, the rich and famous, including high-end resort owners, directly benefit from tourism, while many local residents are negatively impacted.

Conclusion

Tourism investments can have a wide range of impacts on regional and local development. Investments can create jobs and increase incomes for local residents, while also improving the quality of life through the construction of local infrastructure such as airports or roads. Investments in local human capital, such as education or training, have the potential to make the region more competitive. Investments can also positively impact the cultural landscape by preserving important historic sites. It is important to note, however, that the benefits of tourism investments are not distributed equally among all residents. This article sheds light on how tourism investments may impact regional and local development. We investigate this topic by

analyzing the impacts of two large investment projects in Phuket: the Laguna Phuket Golf Resort and The Viceroy Hotel & Residences.

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