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Risk Tolerance in the Case of Tourism

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Abstract: *Tourism is among the largest and most rapidly expanding industries in the world. The degree of risk tolerance among tourists is an important factor in their decision-making. The purpose of the current research is to test the correlation among tourists between potential tourism risk tolerance and general risk tolerance. In order to better understand the characteristics of tourists, the research also tests three components or dimensions of tourism risk tolerance that were developed in previous research. The research uses an online questionnaire filled out by 557 respondents in Israel. The calculations of the mean risk tolerance for general risk, tourism risk and Mo's three dimensions show that general risk tolerance has the lowest mean. Tourists that look for novelty or who are unconcerned with a standardized environment have higher risk tolerance than those that look for social contact with local residents. In addition, there is a positive correlation between general risk tolerance and risk tolerance in tourism*

This research helps to better understand tourism risk tolerance and its components. The results can assist in marketing different destinations in accordance with the characteristics of tourists that impact their travel preferences.

Keywords: *Risk Tolerance, Decision-Making Process, Tourist, Cohen's typology, Risk Perception, Risk Attitudes*

1. INTRODUCTION

Tourism is among the biggest and fastest growing industries in the world. It is indirectly responsible for 9 percent of the world GDP and creates one of nine jobs in the world [1]. The tourism industry is also a major source of export and brings a great deal of foreign currency into a country thus improving its balance of payments [2-4].

The effect of tourism on the economy is even higher in developing countries [5-6]. Tourism reduces unemployment rates by creating new jobs at hotels, tourist attractions, restaurants and in tourist services and supporting industries [7-9]. In order to develop the tourism industry it is important to understand both the motivation of tourists for choosing a destination and their personal characteristics that affect that choice. The question of what motivates a tourist to choose a certain destination has been studied extensively. Some studies examined demographic factors such as age and sex [10-11], while others studied variables such as past experience with foreign travel and lifestyle [12-13].

Israelis travel extensively, both in Israel and abroad [14]. 4.35 million Israelis travelled abroad in 2012. Similarly, Israelis travel a lot within Israel, with an average of 2.1 vacations per capita each year and an average of 2.3 nights per vacation [14].

Recent research has focused extensively on how individuals make decisions in daily life. According to economic theory, individuals are rational creatures with complete and consistent preferences. They also have the resources allowing them to choose the alternative that best suits their preferences, while considering the level of risk they are willing to take. A considerable amount of research has focused on adapting this classical economic concept of 'rationality' to a more complex reality of modern decision-making. Barberis and Thaler [15] explained part of individual financial behavior by using models of partial rationality. According to Bell [16] the assumption of rationality does not consider variables such as feelings, morals, image, ego, social situations, pressure and other factors. Instead, he

explains, rationality is limited to the considerations of time, available information and cognitive ability.

Analysis of decision-making takes into account decisions with risks as well as decisions with certainty. Kahneman and Tversky [17] defined risk tolerance as rejecting an outcome in favor of a bet with a lower or equal expectation.

One of the most important factors in tourism is the type of tourist, usually categorized using the typology developed by Cohen [18]. According to Cohen, there are four groups of tourists, distinguished by the degree to which they search for novelty as opposed to familiarity: mass tourists, independent tourists, explorers, and drifters.

The first group includes the organised mass tourist. This type of tourist looks for known destinations, travels on package tours, looks for what is familiar while travelling (such as international hotel chains), and does not interact with the local population. *The second* group is the group of independent mass tourists. These tourists travel the regular tourist routes, but make their own arrangements and travel individually. *The third* group includes the explorers who look for a mixture of familiarity and novelty. They travel to less known destinations and explore local culture, but do not get very involved with the local population. *The fourth* group of tourists includes the drifters, who are completely different from the organised mass tourist. They travel to less developed and less known destinations, stay with local residents, eat local food, and try to learn as much as they can about the culture.

In a later article, Mo. Havitz and Howard [19] developed a scale to test Cohen's typology. Their scale included three dimensions. *The first dimension, 'Destination Oriented Dimension' (DOD),* considers the tourist's preference with regard to novelty and familiarity in the destination. It thus focuses on the destination itself and reflects the degree to which the tourist's choice is driven by the desire for new and different experiences. *The second dimension, 'Travel Service Dimension' (TSD),* looks at the degree to which tourists seek standardized tourism services in a foreign country. *The third dimension, 'Social Contact dimension' (SCD),* examines the degree to which tourists want to observe local culture from the outside or whether they instead want to become involved in it.

When the potential tourist tries to decide whether to choose a certain destination, he weighs the benefits of travelling against its potential risks. Included among the benefits, for example, are relaxation, change of scenery, experience, and adventure. Among the risks are the costs of travel and accommodations, natural disaster, health concerns, and terrorism. A decision to travel involves two significant kinds of uncertainty: general life uncertainty, including matters such as the weather and unpredictable events[1]; and the uncertainty in the risks of going to an unfamiliar place [20]. The total cost of a trip includes real as well as perceived risks associated with travel. When the perceived risks are higher, so is the perceived price. Therefore it is less likely that the potential tourist will choose that destination.

It is thus important to understand how potential tourists perceive and evaluate different types of risks. Prospect Theory is one of the most commonly used approaches [21]. According to this theory, winning and losing have different effects, and tourists usually assign a greater weight to losing. They expect to accept a certain level of risk associated with the destination. However, those risks are usually overrated and therefore will have a stronger effect on the decision than would otherwise be expected from the objective risk.

Some researchers looked at the correlation of risk perception and tourism. The research found that risk perceptions of tourists include physical and psychological as well as functional and political components [22-25]. Several studies focused on the effects of these components on the risk perception of tourists and their choice of destination. For example, Lepp and Gibson [23] differentiated among tourists that seek novelty and those that look for familiarity when choosing a destination. They based their study on 290 young travelers between the ages of 18 and 30 that were born and raised in the United States. They found that the type of tourist was the most significant variable, with tourists seeking familiarity having the highest risk perceptions. In addition, risk perception was different for a man with past travel experience than for a woman without past travel experience.

In researching the same subject with regard to tourists leaving Singapore, Keng and Cheng [26] categorized tourists according to their level of novelty-seeking. They found four groups according to

[1]Such as terrorism, social unrest, etc

Cohen's typology. Each group of tourists experienced a different type of travel, and enjoyed different vacation activities. However no correlation was found between demographic characteristics and the type of tourist.

In contrast, Reichel et al. [10] found that the risk perceptions of Israeli students depended upon individual characteristics such as gender, previous travel experience and choice of travel partners. For instance, tourists that had previous experience were worried about physical harm related to the destination, while inexperienced tourists were concerned about expectations, financial risks, and social and political hazards.

Fuchs and Reichel [22] focused on international tourists in Israel while studying the effect of socio-demographic factors such as religion and nationality on tourism risk perceptions. They used a questionnaire to measure perception of destination risk, type of destination risk, strategies to reduce risk, socio-demographic characteristics and the self-image of individuals as risk-takers. The research found that religion and nationality affected risk perceptions regarding the destination. Individuals from different countries of origin considered different risks to be more important than others.

A few papers connect risk tolerance with the type of tourist defined by Cohen [18]. For example, using an Internet survey of 4528 respondents, Williams and Balaz [27] tested the correlation between vacation type and the level of risk tolerance, and the correlation between vacation type and specific types of risks such as smoking or crime. Teitler-Regev and Tavor [13] examined whether tourism risk tolerance is correlated with general risk tolerance among students, and found a high correlation between them.

This research seeks to expand the previous study results to the general population in Israel. It focuses on risk tolerance in everyday decisions and in tourism. The purpose of the research is to test whether the individual's rationality in daily life is consistent with his choice of international tourist destination. In addition the research examines whether decisions regarding daily risks are correlated with the choice of international destination according to Cohen's categorization of tourist types.

Such an increased understanding of the tourist decision-making process can help enable service providers to adapt and market destinations according to tourist preferences.

2. RESEARCH HYPOTHESES

This research tests tourism risk tolerance and its components, as described in the following hypotheses:

Hypothesis 1: Respondents are consistent in their preferences. Respondents with higher general risk tolerance have higher risk tolerance in tourism and vice versa. This hypothesis is based on Gilliam, Chatterjee and Grable [28] and Teitler-Regev and Tavor [13], who found consistency in risk perception.

Hypothesis 2: The three dimensions described above, DOD, TSD and SCD, do not differ in their approaches to risk tolerance.

Hypothesis 3: The impact of the socio-economic variables is the same in all three dimensions. The second and third hypotheses are based on Mo et al. [19].

3. MATERIALS AND METHODS

3.1. Data

This study examines and analyses the decisions individuals make regarding tourism as well as how such decisions deviate from the model of rationality.

The study was conducted using an Internet survey during October, 2014. The respondents received a link to a questionnaire and could choose whether or not to provide answers. 756 respondents in Israel began the survey. However since the study focuses on international travel, those who indicated that they did not travel abroad at least once in the last three years were not included in the study, leaving a remaining sample of 557 respondents.

The statistical package SPSS 22 was used for statistical analysis of the data.

3.2. Research Instruments and Measurements

The research questionnaire was partially based on the questionnaires developed by Gilliam et al. [28] and by Mo et al. [19]. It included three sections as further described below. The questions in the first

two sections were presented on a 7-point Lickert scale, ranging from 1 ('definitely do not agree') to 7 ('certainly agree').

(1) The first section included questions concerning attitudes toward risks, such as: 'I think buying a lottery ticket is a chance for easy profit;' 'I like taking risks;' 'I drove a car knowing I did not have insurance;' 'I rather buy at lower cost on the Internet than at higher cost from bigger companies.'

(2) The second section included questions related to preferences in planning a trip abroad. For example: 'I prefer to travel to countries where the culture is similar to mine;' 'I prefer to be on a guided tour when travelling in a foreign country;' ' I prefer to live the way the people I visit live by sharing their shelter, food, and customs during my stay.'

(3) The third section included questions regarding socio-demographic information including age, marital status, education, number of trips abroad, number of insurance policies.

Based on Section 1 of the questionnaire an index was created according to the average points respondents gave to different statements. A lower score in the index indicates lower risk tolerance, and a higher score indicates higher risk tolerance.

3.3. Analytical Model

In order to test the research hypotheses the following econometric model was estimated:

$$Tourism = C + \beta 1 \cdot General + \gamma 1 \cdot Age + \gamma 2 \cdot \text{Religious}$$

$$+ \gamma 3 \cdot Gender + \gamma 4 \cdot Fam + \gamma 5 \cdot Prof + \gamma 6 \cdot Israel\_vac + \gamma 7 \cdot Insurance + \gamma 8 \cdot Trips + \cdot \gamma 9 \cdot Political$$

Where C is the Constant. General represents the general risk tolerance level. Age is the age of the respondent. Religious represents the level of religious observance from 1= not religious to 5=orthodox. Gender is the respondent's gender (base = men). Fam represents the family status of the respondent as single and living alone or married. Prof Represents whether or not the respondent works (base = does not work). Israel_vac is the number of vacations in Israel per year. Insurance represents the number of insurance policies the respondent has. Trip is the number of trips abroad per year and Political represents the political opinion of the respondent (1=right wing, 5=left wing).

4. RESULTS AND DISCUSSION

4.1. Descriptive Statistics

The sample included 557 respondents. 55.1 percent of them were men and 44.9 percent were women, with an average age of 45.8. 75 percent of the respondents were married and 16 percent were single. 24.9 percent of them had no children, 26.9 percent had one child, 10.7 percent had two children and 3.9 percent had 3 or 4 children. The average number of trips abroad per year was 1.04 and the average number of trips in Israel was 2.27. Table 1 presents the main statistical results.

Table1. *Descriptive statistics*

Gender	*Male*	307 (55.1%)
	Female	250 (44.9%)
Marital Status	*Married*	419 (75.2%)
	Single *Divorced/widowed*	91 (16.3%) 43 7.7%
Level of Religious Observance	*Secular*	348 (62.3%)
	Orthodox or traditional	137 (24.6)
	Other	73 (13.1%)
Employment	*Unemployed*	132 (23.6%)
	Employed	355 (63.8%)

	Self-employed	65 (11.7%)
Political opinion	*Right wing*	250 (44.9%)
	Centre	205 (36.8%)
	Left wing	102 (18.3%)
Income	*Below average*	106 (19%)
	Average	111 (19.9%)
	Above average	222 (39.8%)
Army service	*Yes*	483 (86.7%)
	No	74 (13.3%)
Education	*High school diploma*	125 22.5%
	Professional certificate	121 (21.7)
	Bachelor's Degree	194 (34.8)
	Graduate Degree	115 (20.6)

79.9 percent of the respondents in the sample were born in Israel. From the political perspective, 44.9 percent of the respondents identified themselves with the right wing, 36.8 percent with the centre and 18.3 percent with the left wing. 23.6 percent of the respondents were unemployed, 63.8 percent were employees and 11.7 percent were self-employed. 86.7 percent had served in the army. The following Table 2 indicates the number of trips abroad per year and the number of trips per year in Israel according to socio-demographic characteristics. In general the number of vacations per year in Israel is 2 and the number of vacations abroad per year is about 1. This is similar to the number of vacations in Israel reported by the Israel Ministry of Tourism [29].

Table2. *The number of trips abroad and the number of trips in Israel per year according to socio-demographic characteristics*

			Vacations in Israel		**Vacations abroad**	
		Percent	*Mean*	*Std.*	*Mean*	*Std.*
Family Status	*Married/ living with a partner*	79.6%	2.18	2.46	1.036	1.038
	Single	20.1%	2.29	1.65	1.038	0.808
Age	*Under 29*	14.7%	2.67	2.99	0.798**	0.706
	Between 29 to 50	42.5%	2.2	1.65	1.008	0.86
	Over 50	42.7%	2.21	1.51	1.142	0.902
Monthly Income	*Below average*	20.6%	2.4	2.71	0.702***	0.504
	Average	51.6%	2.07	1.18	0.81	0.764
	Above average	27.8%	2.4	1.79	1.246	1.006
Employment Status	*Employee*	81.1%	2.23	1.59	1.004*	0.844
	Self-employed	18.9%	2.28	1.9	1.166	0.942
Number of insurance Policies	*0 or 1*	10.9%	3.02**	3.44	0.742***	0.64
	From 2 to 4	65.7%	2.15	1.42	0.98	0.82
	Over 4	23.4%	2.25	1.76	1.374	1.01
Military Service	*Did not serve*	11.7%	2.38	1.47	0.822***	0.562
	Non-Combat	67.9%	2.22	2.08	0.976	0.778
	Combat unit	20.7%	2.30	1.56	1.206	1.044
* p < .1 ; **p < .05 ; *** p < .01						

Table 2 shows that Israelis travel in Israel more than they travel abroad.

The family status information indicates that there is no significant difference regarding vacations abroad and in Israel among individuals who live alone (single, divorced or widowed) and those that are married or live with a partner. With respect to age there is a significant difference between trips in Israel and trips abroad. Younger people travel abroad significantly less than older people (0.798 times as compared to 1.142), but younger people travel more in Israel than older people (2.67 times as comparedto2.21).There as on might be financial .An examination of travel patterns according to

monthly income shows that the higher the income, the higher is the number of trips abroad. Self-employed respondents travel more both in Israel and abroad. (The number of vacations in Israel is 2.23 for employees and 2.28 for the self-employed. The number of vacations abroad is 1.004 for employees and 1.166 for the self-employed).

The number of insurance policies the individual has can indicate his level of risk tolerance. The table shows that individuals with a lower number of insurance policies take more vacations in Israel than those with a higher number of insurance policies, (3.02 compared to 2.25 is a significant difference.) The pattern is different with regard to travelling abroad. Individuals with a higher number of insurance policies travel abroad significantly more than people with a lower number of insurance policies, (1.374 as compared with 0.742 vacations abroad). With respect to the effect of military service on the number of trips abroad and in Israel, the results show that individuals who did not serve in the military at all or who served in a non-combat unit travel abroad significantly less than those who served in combat units (0.822 , 0.976 compared to 1.2). There seems to be no effect of military service on the number of vacations in Israel.

4.2. Alpha Cronbach Measurement

Alpha Cronbach testing was conducted in order to test the consistency and reliability of the responses, and to include all the answers in each of Sections 1 concerning attitudes toward risks and 2 concerning attitudes toward tourism in a separate variable for each section. The alpha Cronbach in Section 1 was 0.581, similar to the level in previous studies (Grable & Lytton [30], who used data with alpha Cronbach equals 0.4442). In Section 2 the alpha Cronbach was 0.855.

4.3. Mo's Dimensions

The Mo et al. [19] questionnaire was implemented in calculating the three dimensions. *The first dimension (DOD)* focuses on the tourist's preference with regard to novelty and familiarity in the destination. *The second dimension (TSD)* looks at the extent to which tourists seek a standardized environment in a foreign country, and *the third dimension (SCD)* is the 'social contact' dimension. Table 3 presents the levels of general risk, tourism risk, and of the three dimensions according to Mo.

Table3. *Levels of general risk, tourism risk, and of Mo's three dimensions*

	General	DOD	TSD	SCD	Tourism
Mean	2.40	4.24	4.28	3.8	4.12
Median	2.36	4.22	4.25	3.83	4.10
Mode	2.27	4	4	4	3.75
Std. Deviation	0.53	1.16	1.238	1.2	0.82
Minimum	1.09	1	1	1	1.40
Maximum	4.82	7	7	7	6.25

The table shows that the respondent general risk tolerance has the lowest mean ($Mean_{General}$=2.39). With respect to tourism, the respondent risk tolerance is ($Mean_{tourism}$=4.12). Breaking down the tourism risk according to Mo's three dimensions indicates that DOD ($Mean_{DOD}$=4.24) and TSD ($Mean_{TSD=}$4.28) are relatively high as compared with general risk tolerance, tourism risk tolerance and SCD ($Mean_{SCD}$=3.8). Thus tourists that look for novelty or who are unconcerned with a standardized environment will have higher risk tolerance than the general risk tolerance and vice versa. The results of the table partially support the second hypothesis. The first and second dimensions (DOD and TSD) are similar, but the third dimension SCD is different.

Table 4 presents the correlation of the three dimensions with the general index of risk tolerance.

Table4. *Correlation of the three dimensions with the general index of risk tolerance*

	Value	Approx. Tb	Approx. Sig.
DOD	0.01	1.306	0.84
TSD	-0.18	-4.22	0
SCD	0.37	9.34	0

Based on this result, there is no correlation between the *DOD* regarding the destination and general risk tolerance. That is, the individual preference with regard to novelty seeking at the destination is not correlated with general risk tolerance.

There is a small negative correlation between the second dimension, which is the desire of the tourist to stay in a more standardized environment, and general risk tolerance. The results indicate that

respondents that have a higher risk tolerance are less likely to look for a standardized environment and vice versa. A small positive correlation exists between the third dimension, which is social contact, and general risk tolerance. Thus when risk tolerance is higher, it is more likely that the respondent will seek social interaction with the local population at the destination.

4.4. Regression Estimates

The following discussion examines the consistency of the respondent's tourism decision-making with demographic data and the general risk index that is calculated based on the first section of the questionnaire. *There are four regressions with four different independent variables: the index of risk tolerance in tourism, DOD, TSD, SCD.*

In order to test this hypothesis an econometric model was implemented to measure the average level of respondent consistency.

The econometric model is:

$$Tourism = \alpha + \beta 1 \cdot General + \gamma 1 \cdot Age + \gamma 2 \cdot \text{Religious}$$

$$+ \gamma 3 \cdot Gender + \gamma 4 \cdot Fam + \gamma 5 \cdot Prof + \gamma 6 \cdot Israel\_vac + \gamma 7 \cdot Insurance + \gamma 8 \cdot Trips + \cdot \gamma 9 \cdot Political$$

Table5. *Results of econometric model*

Variable	**Panel A: Tourism**		**Panel B: DOD**		**Panel C: TSD**		**Panel D: SCD**	
	Coefficient	*t-value*	*Coefficient*	*t-value*	*Coefficient*	*t-value*	*Coefficient*	*t-value*
Constant	101.633	14.357***	4.971	10.112***	4.726	9.395***	1.917	4.000***
General	-.328	-2.465**	-.275	-2.554**	0.068	0.613	.835	7.945***
Age	-.148	-2.391**	-.007	-1.546	-.024	-5.15***	.001	0.272
Religious observance (1=not religious)	-1.254	-1.112	-.094	-1.126	-.069	-0.808	.035	0.431
Gender (base=male)	-1.035	-.660	.105	0.906	-.124	-1.045	-.251	-2.227**
Fam Base=single	-6.495	-3.076***	-.320	-2.057*	-.126	-0.79	-.480	-3.164***
Prof Base=do not work	4.588	1.718*	.320	1.628	.085	0.422	.249	1.297
Israel_vac	.867	2.114**	.073	2.418**	.019	0.617	.023	0.797
Insurance	-.675	-1.277	-.055	-1.399	-.022	-0.54	-.021	-0.544
Trips	.467	2.474***	.021	1.523	.057	4.002***	.009	0.697
Political (1=right)	1.328	1.861*	.033	0.627	.128	2.381**	.078	1.53
* p < .1 ; **p < .05 ; *** p < .01								

where α is the Constant, General represents the general risk tolerance level, Age is the age of the respondent, Religious represents the level of religious observance , Gender is the respondent gender; Fam represents the family status of the respondent as single and living alone or married, Prof represents whether or not the respondent works, Israel_vac is the number of vacations in Israel, Insurance represents the number of insurance policies the respondent has, Trip is the number of trips abroad and Political represents the political opinion of the respondent.

Table 5 describes four analytical models of the factors that influence tourism risk tolerance and each of the dimensions DOD, TSD and SCD that were developed by Mo et al. [19]. The independent variables include general risk tolerance and demographic information. The results indicate that except with regard to SCD (the social dimension), there is a positive correlation between general risk tolerance and the dependent variable. Therefore if a respondent has lower risk tolerance in general, he or she will also have lower risk tolerance in tourism or in the DOD and TSD dimensions and vice versa. The results regarding general tourism risk tolerance fully support the first hypothesis and are consistent with the results of Williams and Balaz [27] and Teitler-Regev and Tavor [13], who found a positive correlation between general risk tolerance and tourism risk tolerance.

The number of vacations abroad and the number of vacations in Israel are positively correlated with tourism risk tolerance. The more vacations there are abroad or in Israel, the higher is the risk tolerance. This is consistent with previous research [12, 23, 31-32]. The number of trips abroad is correlated with the TSD dimension.

Married respondents (or those living with a partner) have lower risk tolerance than those who are single. They are less likely to look for novelty (DOD) or to engage in social contact with the local population at the destination (SCD). There is no significant effect on the second dimension, the search for standardized tourism (TSD). Age is negatively correlated with risk tolerance and with the second

dimension, which is the search for standardized tourism (TSD). Therefore, as age increases the level of risk tolerance decreases and the search for more standardized tourism increases.

Political opinion is positively correlated with tourism risk tolerance. A respondent with right-wing political views will have higher risk tolerance, while a respondent on the political left will have lower risk tolerance. With respect to the three dimensions, political opinion is correlated only with the second dimension (TSD) which is the search for more standardized tourism. Thus if the respondent has more left-wing political opinions, he is less likely to look for standardized tourism. Whether the respondent works or not also has a positive effect on tourism risk tolerance. Those who are employed have a higher risk tolerance than those who are unemployed.

However, employment status is not correlated with any of the three dimensions. The results of the analytical model do not support the third hypothesis that the impact of the socio-economic variables will be the same in all three dimensions.

The level of religious observance and the number of insurance policies that the respondent has are not significant with regard to tourism risk tolerance or to the three dimensions.

5. CONCLUSIONS

Tourism is among the biggest and fastest growing industries in the world. It is responsible for 9 percent of the world GDP and creates one out of nine jobs in the world. Tourism reduces unemployment rates by creating new jobs at hotels, tourist attractions, restaurants, in tourist services, and in supporting industries.

Cohen developed the foundation for the typology of tourism with his identification of four different types of international tourists, according to their preferences for novelty or familiarity. This study is based on a later article by Mo et al. [19] that developed a scale including three dimensions (DOD, TSD and SCD) in order to test Cohen's typology.

This study examines and analyses the relationship between risk tolerance in everyday decision-making and risk tolerance in tourism. The purpose of the research is to test whether the individual's rationality in daily life is consistent with his choice of international tourist destination. The research also tests whether behavior with respect to daily risks is correlated with the choice of international destination according to Cohen's categorization of types of tourists.

The study is based on an Internet survey in Israel that included 557 participants. The questionnaire was comprised of three sections. The first section asked questions regarding general risk, the second section contained questions relating to tourism risk and the third section included socio-demographic and financial data. In the first two sections, the level of respondent risk tolerance was calculated with regard to different scenarios in decision-making such as general risk, gambling, driving, purchasing, health and nutrition, and tourism.

First, the mean risk tolerance was calculated for general risk, tourism risk and Mo's three dimensions. The results show that general risk tolerance has the lowest mean. The DOD and the TSD dimensions have the highest risk tolerance. Thus tourists that look for novelty or who are not concerned with a standardized environment will have higher risk tolerance than tourists that look for social contact with local residents.

Finally, the study examines the correlations between the socio-economic variables, demographic variables and general risk tolerance, with tourist risk tolerance and with each of the three dimensions. This yielded some interesting results: 1) there is a positive correlation between general risk tolerance and risk tolerance in tourism. 2) There are positive correlations between tourism risk tolerance and the number of vacations abroad, the number of vacations in Israel, and political opinion. 3) Individuals who are married have lower risk tolerance than those who are single in DOD and SCD. 4) There is a negative correlation between age and risk tolerance in tourism.

The research results support the first hypothesis that general risk tolerance is correlated with tourism risk tolerance. The second hypothesis is partially supported since the first and second dimensions (DOD and TSD) are similar, but the third dimension SCD is different. The third hypothesis is not supported by the results as the three dimensions are affected differently by different socio-demographic factors. This area requires more in-depth research in order to enhance the understanding of which factors affect each of the dimensions. Broader research is needed in order to understand how the different dimensions affect the choices made by tourists and whether some of these dimensions are more significant than others.

The main contribution of this research is in understanding the factors that affect tourism risk tolerance and in breaking it down into its components. Greater insight into how risk tolerance is affected can assist in better understanding tourists and the choices that they make. An increased understanding of the risk perception of tourists can be helpful in marketing international tourism destinations, and in adjusting local tourism services to the preferences potential tourists.

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