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# AN EMPIRICAL ASSESSMENT OF DOMESTIC TOURIST'S RISK PERCEPTION AND ITS IMPACT ON DESTINATION LOYALTY: A STUDY OF KASHMIR VALLEY

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## ABSTRACT

*The aim of this study was to assess the risk perception of domestic tourists visiting volatile destinations such as the Kashmir valley (India) and reveal the impact of various types of perceived risk on destination loyalty formulation. A quantitative research/deductive approach has been adopted for two reasons: (1) to ensure the objectivity, generalisability, and reliability of research findings; and (2) to develop hypotheses based on an existing theory and then collect data to determine whether empirical evidence to support those hypotheses exists. The current study used a convenience sampling method for collecting data from 413 domestic tourists using a self-administered questionnaire. Furthermore, the two-step approach for structural equation modelling (SEM) was used to assess the psychometric properties of the measurement model and test the proposed structural model. The results revealed that all the five types of perceived risks (socio-psychological, political, performance, financial, and physical) negatively affect tourists' destination loyalty, with socio-psychological risk and political risk emerging as major determinants of loyalty intention of domestic tourists. Moreover, the descriptive analysis revealed that the mean perception of domestic tourists on various risk dimensions was low, and they disagreed that Kashmir is a risky place to visit.*

**KEYWORDS**

*Volatile destinations; Kashmir valley; Perceived risk; Destination loyalty; Structural Equation Modelling (SEM)*

**ECONLIT KEYS**

*L83; M31; Z32.*

## **1. INTRODUCTION**

The tourism sector is distinguished by service-specific features like intangibility, variability, perishability, and inseparability that indicate it is inherently associated with risk (Fuchs and Reichel, 2011). Furthermore, the tourism experience is prone to be influenced by specific factors such as natural calamities, epidemics, political instability, terrorism, crime, bad weather, and unfriendly locals and awareness of these factors often exacerbates the level of tourists' risk perception, which in turn tarnishes the image of a tourist destination and finally impedes tourist arrival (Perpiña et al., 2019). The higher perception of risk creates difficulty for tourists to appraise a destination's attractiveness as their travel plans are based on perceptions rather than facts (Hasan et al., 2017). Thus, it has become a challenging task for destination marketers to redesign their marketing strategies to survive in the competitive marketplace by building long-term relationships with their customers to increase destination loyalty (Baloglu, 2000). Destination loyalty (DL), often operationalised as a behavioural intention (Prayag et al., 2017), has been regarded as an effective destination marketing strategy due to the following benefits: Loyal tourists represent not only a stable market or steady source of income for the destination, but also serve as unpaid publicists by sharing information about the destination with friends, relatives, and other potential travellers in the form of word-of-mouth publicity; they usually stay at the destination for longer periods and are less sensitive to prices; finally, marketing cost of serving this sort of tourist is lower as compared to first-time visitors (Zhang et al., 2014).

The issue of safety, well-being, and security for certain tourist destinations has become a pressing concern for a variety of stakeholders, including DMOs, legislators, and policymakers (Fuchs and Reichel, 2011). These concerns are heightened in destinations that are constantly threatened and impacted by geopolitical unrest and terrorist acts (Fuchs and Reichel, 2011). Kashmir is a prime example of such a type of destination with tremendous potential to attract tourists but

is perceived as a risky destination by outsiders due to the ongoing conflict. The impact of political instability has been mainly confined to the valley of Kashmir, and insecurity is felt more in the valley than in the Jammu and Ladakh regions of Jammu and Kashmir (J & K), India. Tourism in the Kashmir valley has lost its allure due to this ongoing conflict, and its image has suffered to a large extent, and it is now considered a volatile destination (Chahal and Devi, 2015). The conflict in Jammu and Kashmir is manifested through violent events such as civil strife, violence, and terrorism that create higher risk perceptions and act as a major barrier for tourists to visit the Kashmir valley (Chahal and Devi, 2015). Thus, the destination-specific risk related to Kashmir is political risk, which leads to other types of general risks, i.e., performance, physical, financial, and socio-cultural risks (Chew and Jahari, 2014).

Although a substantial amount of research has been done regarding investigating the effects of perceived risks on destination loyalty, these studies have reported mixed findings (Al-Ansi et al., 2019; Chew and Jahari, 2014; Kani et al., 2017). Recent research has shown that some tourists re-visit the destination despite perceived risks and contradicts past studies that tourists tend to avoid re-visiting destinations with greater perceived risks (Hung and Petrick, 2012; Tan, 2017). The disagreement on risk perception and travel decisions merits further investigation. Moreover, prior studies evaluated the risk perception of tourists, including Physical risk, performance risk, Socio-psychological risk, Financial risk, and destination-specific risks like political risk, crime, terrorism, epidemics, and natural disasters before visiting the destination (Yang et al., 2015) and were much focused on international tourism (Seabra et al., 2013). Korstanje (2009) argued that the measurement of risk perception of tourists before actually visiting the destination is simply an exploration of anxiety because there is no direct stimulus that acts as a crucial factor in forming perceived risk. Therefore, it is of vital importance to explore in-situ risk perception in future studies (Fuchs and Reichel, 2006; Yang and Nair, 2014).

Similarly, domestic tourism acts as a vital tool for regional development due to its effects in terms of income redistribution within the country and is not very sensitive to varied forms of crises that generally affect tourist inflow to the destination (e.g., consumer boycott, natural disasters, political instability, wars) (Pierret, 2011). Thus, demand for the domestic tourism market seems to be more stable and resistant to

fluctuations than demand for international tourism. It may also be difficult to focus on understanding the destination risk perception of international tourists without understanding the destination risk perception of domestic tourists (Albuz et al., 2017). In fact, the Indian tourism and hospitality industry is the third-largest sub-segment of the services sector in India (Kaur et al., 2016). However, unlike large countries such as the USA, China, and Australia, which have developed a robust domestic tourism industry (Baker, 2013), India has yet to realise the potential of its burgeoning domestic tourism base. As far as tourism in Jammu and Kashmir is concerned, it does not figure among the top 10 domestic destinations in the country based on the number of tourist arrivals (J & K Economic Survey-2017).

Based on mixed findings and a dearth of studies related to the measurement of risk perception of actual tourists and a lack of studies on the risk perception of domestic tourists, it is needed to address these research gaps. Thus, based on existing knowledge, the objectives of this study are (1) to identify the various dimensions of perceived travel risk through a review of existing literature, (2) to determine the level of risk perception of tourists on the various identified risk dimensions, and (3) to determine the influence of perceived risks on the destination loyalty of tourists.

## **2. REVIEW OF LITERATURE AND HYPOTHESES DEVELOPMENT**

### ***2.1) PERCEIVED RISK***

As political instability is a major risk associated with visiting Kashmir, destinations affected by political instability or terrorism are perceived as risky (due to the high costs involved) and are frequently avoided by tourists (Kozak et al., 2007). The perception of various probable losses (i.e., performance, physical, financial, and socio-psychological) is a result of various crisis events such as political violence, epidemics, natural disasters, and so on, as the media plays an important role in exaggerating information about crisis-affected destinations (Chew and Jahari, 2014). Therefore, considering the context of the study area, i.e., the Kashmir valley, the present study takes four general travel risks, i.e., physical, performance, financial, and socio-psychological, and one destination-specific, i.e., political risk.

Risk is defined as "exposure to the chance of injury or loss, a hazard or a dangerous chance, or the potential to lose something of value" (Reisinger and Mavondo, 2005, p.1). The risk construct caught attention in the 1940s when Knight (1948) emphasised the role of risk as an important element of economic activity. Since then, the concept of risk has sparked the interest of researchers in a variety of fields, including sociology, geology, psychology, marketing, and tourism (Quintal et al., 2010). The majority of scholarly work on risk perception studies focuses on perceived risk rather than objective or real risk because, regardless of the presence or absence of real risk and its magnitude, consumers are mostly concerned or preoccupied with the risk they can perceive (Yang et al., 2015). Therefore, the importance of perceived risk in influencing consumers' decision-making process has been highlighted by various researchers (Reisinger and Mavondo, 2005).

In the marketing literature, perceived risk has been mostly defined as consumers' perceptions of uncertainty and negative consequences related to purchasing a service or product (Conchar et al., 2004). As soon as a consumer perceives a specific degree of risk, his or her behaviour shifts from postponing the purchase to employing risk reduction measures to reach an acceptable level (Fuchs and Reichel, 2011). The risk reduction strategies include searching for more information, developing brand loyalty, purchasing a well-recognised brand, and purchasing high-cost or low-cost brands to reduce uncertainty and boost confidence in purchase outcomes (Fuchs and Reichel, 2011). Even though the concept of risk perception was initially linked to consumer behaviour studies, the term "tourism risk perception" was researched by scholars very recently (Hasan et al., 2017).

Tourism is regarded as a highly sensitive and fragile industry that is very prone to various external factors or crisis events (Vargas-Sánchez, 2018). These crisis events inflate tourists' perceptions of tourism risk, reducing tourists' confidence in visiting crisis-affected destinations (Perpiña et al., 2019). The impact of the crisis events and their associated severity and frequency has led practitioners to pay greater attention to monitoring tourists' risk perceptions (Yang and Nair, 2014).

## ***2.2) DIMENSIONS OF PERCEIVED RISK***

Since the tourism industry is more vulnerable to risks, tourism research has focused on determining the critical role of tourists' risk perceptions in the destination selection process (Fuchs and Reichel, 2011). Risk perception research in the context of tourism has identified risk as a multidimensional concept (Cho et al., 2018). Moreover, various types of risks perceived by tourists could have varied implications for tourists in their destination selection process, where each dimension of risk has the potential to modify tourists' evaluation and selection of destinations (Karl and Schmude, 2017). The various dimensions of perceived risk are also called objective factors affecting tourism risk perception (Carballo et al., 2017). The multidimensional nature of perceived risk in tourism research was initially examined by various studies (Moutinho, 1987; Roehl and Fesenmaier, 1992; Yavas, 1987). However, the dimensions of risk used in these studies were adopted from the consumer behaviour literature. For example, Roehl and Fesenmaier (1992) studied seven kinds of risks related to pleasure travel. These risks were financial, satisfaction, physical, equipment, psychological, social, and time risks.

Furthermore, Roehl and Fesenmaier (1992) advocated that perception of risk and travel behaviour appear to be situation-specific. Thus, there is a need to research destination-specific risk perceptions. Later, three additional risks: political instability, health, and terrorism, were investigated by Sönmez and Graefe (1998) and classified international travel risks into ten categories.

Thus, it is quite evident from the literature that risk perception is a multidimensional construct, and scholars have taken both destination-specific risks as well as general travel risks. For example, destination-specific risk studies include the Rittichainuwat and Chakraborty (2009) study related to examining the effect of SARS and terrorism on the risk perception of international tourists. Kozak et al. (2007) investigated the perception of risk of international travellers by focusing on terrorist attacks, disease outbreaks, and natural disasters. Similarly, Turvey et al. (2010) measured risk perception from bird flu and terrorism as major determinants of risk perception. However, the approach of taking both general travel risks and destination-specific risks has been adopted by many researchers (Chew and Jahari, 2014; Loureiro and Jesus, 2019; Park and Reisinger, 2008; Promsivapallop and Kannaovakun, 2017). For example, the Park and Reisinger (2008) study used 13 dimensions of risk, taking six from the consumer behaviour literature and adding

other destination-specific risks, such as terrorism, crime, health, and political risks. The present study considers four general travel risks, i.e., physical, performance, financial, and socio-psychological, and one destination-specific, i.e., political risk.

### **2.3) DESTINATION LOYALTY**

To date, loyalty has been conceptualised using three perspectives: behavioural approach, attitudinal approach, and composite approach (Afthanorhan et al., 2019; Oppermann, 2000; Moore et al., 2015). Behavioural loyalty relates to behavioural outcomes or actions, such as repeat purchases. Attitudinal loyalty focuses on purchase intention and recommendation. The composite perspective of loyalty recommends the combination of both behaviour and attitude (Backman and Crompton, 1991). In the context of tourism, loyalty is referred to as tourists' intention to visit a destination again (behavioural loyalty) and their positive word-of-mouth recommendations (attitudinal loyalty) (Chi and Qu, 2008; Oppermann, 2000; Prayag and Ryan, 2012). Most researchers suggest that the actual behaviour of tourists, such as visit times, should be taken as a measurement of behavioural loyalty (McKercher et al., 2012). However, this approach of measuring behavioural loyalty has been highly criticised owing to the fact that tourists can be loyal to a destination without returning to it (Chen and Gursoy, 2001). This is because tourists may not want to return to the same destination due to their changing expectations in terms of gaining new experiences at new destinations on each vacation while maintaining loyalty to the previously visited destination (Chen and Gursoy, 2001). Furthermore, many studies are of the view that repurchase intention is a powerful index of behavioural loyalty as intention and action are successive stages of behaviour, and the intention to behave is considered an element of the conative component of attitude in the Tripartite Theory of Attitude (Ajzen, 2005). This approach has been revealed in a number of studies in which purchase intention was used to determine loyalty rather than actual behaviour (Chi and Qu, 2008; Prayag and Ryan, 2012; Sharma and Nayak, 2018; Styliadis et al., 2015; Wang and Hsu, 2010).

As a result, composite loyalty is defined as the combination of attitudinal and behavioural loyalty and is frequently operationalised as behavioural intention, which includes re-visiting and recommendation intentions (Prayag and Ryan, 2012; Prayag

et al., 2017). Moreover, including both these aspects helps in better prediction of the construct (Dimitriadis, 2006) and provides a more exact representation of destination loyalty (Chen and Gursoy, 2001; Cossío-Silva et al., 2019).

#### **2.4) PERCEIVED RISK AND DESTINATION LOYALTY/BEHAVIOURAL INTENTION**

There is ample empirical evidence in the tourism literature regarding the effect of perceived risk on the behavioural intention of tourists (Artuğer, 2015; Chew and Jahari, 2014; Harun et al., 2018; Khasawneh and Alfandi, 2019; Sönmez and Graefe, 1998). For example, Qi et al. (2009) investigated the link between perceived risks and travel intentions to China and the Beijing Olympic Games. The results indicated that socio-psychological risk and violence risk were both negatively related to the desire to visit China. Since tourists perceive risk differently before and during travel to a destination, the tourists' travel experience, satisfaction, and loyalty, including their inclination to return and spread word of mouth, are affected by their risk perception during travel (Artuğer, 2015; Hasan et al., 2017).

In this context, a lot of research has been carried out to determine the key risk dimensions associated with tourist destinations as perceived by tourists and their impact on post-visit behavioural intentions. For example, An et al. (2010) analysed various risks at the travel destination and concluded that, except physical risk, all types of risk, including natural disasters, political and performance risks, affect re-visit intention significantly. Chew and Jahari (2014) assessed the risk perception of Malaysian tourists and found that their intention to re-visit was only influenced by perceived physical risk. The empirical research of Artuğer (2015) showed that foreign tourists' behavioural intention to the Marmaris district (Turkey) was influenced by physical, financial, socio-psychological, time, and performance risks perceived while on vacation in Marmaris. The findings of the Khasawneh and Alfandi (2019) study revealed that only two dimensions of perceived risk (performance risk and financial risk) had a significant impact on tourists' behavioural intentions.

To summarise, perceived risks have been found to be a key antecedent in predicting tourist behavioural intention, with a negative influence on tourists' future behaviour, including re-visit intentions and recommendation intentions, in various

tourism and socio-cultural contexts (An et al., 2010; Artuğer, 2015; Hasan et al., 2017; Khasawneh and Alfandi, 2019). Thus, the following hypothesis is presented:

Hypothesis 1: Perceived risks negatively affect tourists' destination loyalty.

H1a: Socio-psychological risk negatively affects tourists' destination loyalty.

H1b: Political risk negatively affects tourists' destination loyalty.

H1c: Performance risk negatively affects tourists' destination loyalty.

H1d: Financial risk negatively affects tourists' destination loyalty.

H1e: Physical risk negatively affects tourists' destination loyalty.

## **2.5) CONCEPTUAL FRAMEWORK FOR THE STUDY**

The proposed conceptual framework for this study includes six research variables: socio-psychological risk, political risk, performance risk, financial risk, physical risk, and destination loyalty, as depicted in Figure 1. The five types of perceived risk act as an independent variable, and destination loyalty acts as a dependent variable. An extensive review of related literature was conducted in order to establish a conceptual framework for the study. The proposed model was justified based on a review of the current literature that depicts that perceived risk may be considered a significant determinant in predicting tourist loyalty intentions.

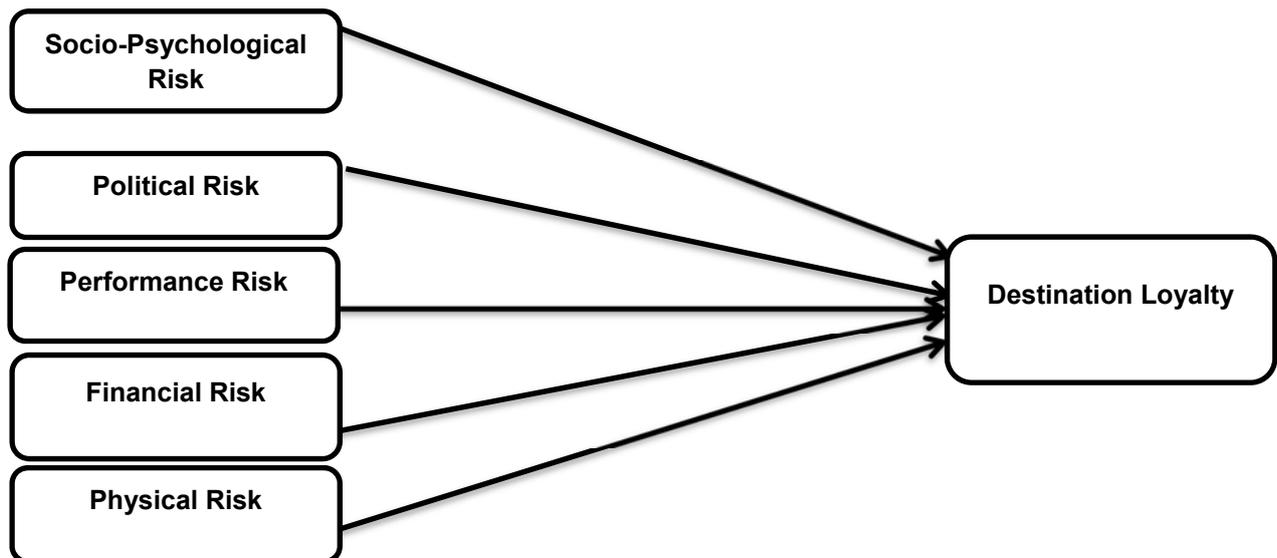


Figure 1: The research model.  
Source: Authors.

### **3. RESEARCH METHODOLOGY**

The study used a quantitative method/deductive approach with the goal of developing a hypothesis (or hypotheses) based on an existing theory and then collecting data to determine whether empirical evidence to support that hypothesis exists (Johnson and Christensen, 2008). All the study constructs, as depicted in the conceptual framework (see Figure 1), were measured using a structured questionnaire with multiple-item scales. The scale used to measure tourists' risk perception has been adopted from previous studies (e.g., Chew and Jahari, 2014; Fuchs and Reichel, 2006; Sönmez and Graefe, 1998). As evident from the literature, the perception of risk is a multidimensional construct comprising various constructs of risk. The scale consists of 21 items under five risk dimensions, including performance risk (PER), socio-psychological risk (SPY), political risk (POL), physical risk (PHY), and financial risk (FIN). Destination loyalty was measured with six items based on previous studies (Zeithaml et al., 1996). The constructs of the study, including dimensions of perceived risk and loyalty, were checked on Likert's 5-point scale, with 1 as strongly disagree and 5 as strongly agree. Thus, all constructs of the study were measured using multiple-item scales based on a comprehensive review of the literature. The questionnaire statements were modified to fit the context of the present study. Therefore, the face validity and content validity of the research instrument were checked by three academic experts in the field of tourism and research scholars from the Tourism Department of the Central University of Kashmir.

Based on the feedback of experts, the research instrument was improved in terms of content, relevancy, and conciseness so as to make a questionnaire more easily comprehended by the respondents. The reliability of the survey instrument was measured through pilot testing of 30 domestic tourists conveniently selected from Srinagar City. According to Hill (1998), a pilot test should have between 10 and 30 participants. The reliability of the instrument used in the pilot study was checked through internal consistency (i.e., Cronbach's Alpha value) using SPSS 20.0. The reliability test results for the overall scale and each dimension (see Table 1) showed

Cronbach's alpha values were well above the minimum acceptable level, which is 0.70 in social science research (Hair et al., 1998; Nunnally and Bernstein, 1994).

| S. No | Dimensions               | No. of items | Cronbach's Alpha |
|-------|--------------------------|--------------|------------------|
| 1     | Socio-Psychological risk | 04           | 0.775            |
| 2     | Performance Risk         | 05           | 0.879            |
| 3     | Physical Risk            | 04           | 0.828            |
| 4     | Financial Risk           | 04           | 0.816            |
| 5     | Political Risk           | 04           | 0.785            |
| 6     | Destination Loyalty      | 06           | 0.910            |

Table 1: Reliability of Pilot Study.  
Source: Authors.

The sample for this study consists of domestic tourists visiting different places in the Kashmir valley, and the population in this study was unknown. Therefore, to calculate the sample size from an unknown population, Pongwichai's (2009) formula has been used, which is an adaption of Yamane (1973) at a confidence level of 95% and an acceptable margin of error = 0.05. The formula and the calculation are shown below.

$$n = \frac{1}{\left[ \frac{4e^2}{z^2} \right]}$$

Where

n = sample size

e = acceptable margin of error, which is 0.05 at a confidence level of 95%

Z = the critical value of the normal distribution, which is 1.96 at a 95% confidence level.

Now, putting all these values in the above formula, the value for the sample size (n) comes out to be 385 respondents.

$$n = \frac{1}{\left[ \frac{4(0.05)^2}{(1.96)^2} \right]} = 385$$

A total of 500 questionnaires were distributed, and 413 completed questionnaires were retained for the final examination, thereby representing an 82.6% usable response rate.

Non-probability sampling was used for this study due to a lack of accurate data on the size of the domestic tourist population and the absence of a sampling frame which are the two main requirements for doing probability sampling (Memon et al., 2017). The sampling process included two stages. First, five prominent tourist destinations, including Srinagar, Pahalgam, Gulmarg, and Sonamarg, were purposively selected from various destinations in Kashmir. These destinations were selected for several reasons. First, these destinations are the most prominent destinations, having the highest tourist footfall when compared to other destinations and are on the mainstream itinerary of tourists (Najar and Hamid Rather, 2020). Second, these destinations are well-known for various reasons, including leisure, recreation, adventure, and religious pilgrimage, providing a broad understanding of customer motives and intentions (Indian Brand Equity Foundation, 2019). Because the sample size for the study was set at 500, a sub-sample of 125 was assigned to each of these four destinations in order to ensure that all of these destinations were represented equally. The final selection of respondents from these four destinations was carried out using convenience sampling. Moreover, a similar non-probability sampling method has been adopted mostly in destination perception studies (Khasawneh and Alfandi, 2019; Styliadis et al., 2015; Zhang et al., 2018).

#### **4. DATA ANALYSIS**

Various types of statistical tools were used to investigate the data, depending upon the objectives of the study. Descriptive analysis and SEM were used for data analysis. The validity and reliability of data were checked using confirmatory factor analysis (CFA). The researcher used SPSS 20.0 for descriptive statistics, and AMOS 23.0 was used for the structural equation modelling technique. The present study used covariance-based structural equation modelling (CB-SEM) instead of partial least square based structural equation modelling (PLS-SEM) because the present study is confirmatory in nature, for which CB-SEM is employed, and for exploratory studies, PLS-SEM is preferred (Hair et al., 2019).

Descriptive analysis revealed that 47.5% of the respondents were male, and 52.5% were female. Most of the respondents (40.9%) were between 29 and 38 years old. The vast majority of respondents (32%) had a bachelor's degree with a private job (26.4%) as their occupation. The results also depicted that the majority of the respondents were married (58.1%) with a monthly income range of Rs. 40, 000–60,000. Leisure was quoted as the main purpose of visit (49.2%), and over 50% of respondents mentioned 5-8 days as their duration of stay in Kashmir. Finally, most of the respondents (73.6%) were repeat visitors, as shown in Table 2.

| Demographics               | Category                             | Frequency | Percentage |
|----------------------------|--------------------------------------|-----------|------------|
| Age                        | 18-28                                | 124       | 30         |
|                            | 29-38                                | 169       | 40.9       |
|                            | 39-48                                | 71        | 17.2       |
|                            | 49-58                                | 33        | 8.0        |
|                            | 59 and above                         | 16        | 3.9        |
| Gender                     | Male                                 | 196       | 47.5       |
|                            | Female                               | 217       | 52.5       |
| Marital status             | Single                               | 173       | 41.9       |
|                            | Married                              | 240       | 58.1       |
| Education                  | High school                          | 29        | 7.0        |
|                            | Higher secondary                     | 72        | 17.4       |
|                            | Diploma                              | 120       | 29.1       |
|                            | Bachelor's degree                    | 132       | 32.0       |
|                            | Master's degree and higher           | 60        | 14.5       |
| Occupation                 | Govt. employee                       | 96        | 23.2       |
|                            | Private job                          | 109       | 26.4       |
|                            | Business owner                       | 85        | 20.6       |
|                            | Student                              | 88        | 21.3       |
|                            | Homemaker                            | 35        | 8.5        |
| Income (monthly)           | Below Rs. 20000                      | 80        | 19.4       |
|                            | Rs. 20,000–40,000                    | 117       | 28.3       |
|                            | Rs. 40,000–60,000                    | 133       | 32.2       |
|                            | Above Rs. 60,000                     | 83        | 20.1       |
| Visit times                | 1 <sup>st</sup> Visit to the Kashmir | 109       | 26.4       |
|                            | 2 <sup>nd</sup> Visit                | 211       | 51.1       |
|                            | More than 2 <sup>nd</sup> visit      | 93        | 22.5       |
| Purpose of visit           | Leisure                              | 203       | 49.2       |
|                            | Visiting friends and relatives       | 89        | 21.5       |
|                            | Adventure                            | 78        | 18.9       |
|                            | Religious                            | 18        | 4.4        |
|                            | Business and others                  | 25        | 6.0        |
| Duration of stay (in days) | 1-4                                  | 109       | 26.4       |
|                            | 5-8                                  | 224       | 54.2       |
|                            | 8-12                                 | 65        | 15.8       |
|                            | More than 12                         | 15        | 3.6        |

Table 2: Demographic Profile of Respondents.

Source: Authors.

#### 4.1) DESCRIPTIVE ANALYSIS OF MEASUREMENT SCALES

Table 3 represents overall descriptive statistics (mean and standard deviation) regarding the perceived risk dimensions, destination image, and destination loyalty. The descriptive analysis revealed that the mean values of all the dimensions of risk perceived by domestic tourists were found to be below mid-value, i.e., three on a Likert scale of 1-5 points. Where 1 indicates "strongly disagree" and 5 indicates "strongly agree". These mean values indicate that the risks perceived by domestic tourists are low while performing various tourism-related activities in Kashmir. Furthermore, the mean value for the scale regarding destination loyalty has been calculated as (M=3.86). This shows that the intention of the participants to re-visit Kashmir and the recommendation of the destination to others is high.

| Dimensions of Perceived Risk   | Mean | Standard deviation |
|--|------|--------------------|
| <b>Socio-psychological risk</b>  |      |                    |
| My holiday in Kashmir doesn't suit my personality (SPY1).  | 2.32 | 1.17               |
| I am worried that I will not receive personal satisfaction from this vacation (SPY2).                          | 2.36 | 1.20               |
| I am worried that my holiday at this destination will change the way my friends and family think of me (SPY3). | 2.41 | 1.13               |
| My holiday at this destination doesn't suit my social status (SPY4).   | 2.39 | 1.28               |
| Overall Mean & Standard deviation  | 2.37 | 1.19               |
| <b>Political risk</b>  |      |                    |
| I am worried about terrorism in Kashmir (POL1)   | 2.33 | 1.23               |
| I am worried about being exposed to danger due to political unrest at this destination (POL2)                  | 2.34 | 1.25               |
| It is absolutely not safe for tourists to visit this destination in terms of protests and violence (POL3)      | 2.16 | 1.23               |
| I feel an extreme fear of being exposed to the physical threat at this destination (POL4)                      | 2.33 | 1.20               |
| Overall Mean & Standard deviation  | 2.29 | 1.22               |
| <b>Performance risk</b>  |      |                    |
| Availability of tourist facilities and services in Kashmir are not acceptable (PER1)                           | 2.63 | 1.32               |
| The hotels aren't satisfactory in terms of service quality (PER2)  | 2.62 | 1.30               |
| The people aren't friendly (PER3)  | 2.37 | 1.39               |
| It is a very crowded destination (PER4)  | 2.60 | 1.27               |
| The weather is very unpleasant (PER5)  | 2.39 | 1.32               |
| Overall Mean & Standard deviation  | 2.52 | 1.32               |
| <b>Financial risk</b>  |      |                    |
| I think Kashmir is a more expensive destination than the other destinations I travelled to (FIN1)              | 2.74 | 1.32               |

|  |      |      |
|--|------|------|
| I think I don't receive enough service for my money paid for a holiday (FIN2)                            | 2.63 | 1.48 |
| I am worried about paying extra for the use of facilities (FIN3)   | 2.72 | 1.31 |
| The holiday at this destination costs too much for my budget (FIN4)                                      | 2.72 | 1.36 |
| Overall Mean & Standard deviation  | 2.70 | 1.36 |
| <b>Physical risk</b>   |      |      |
| There are food and drink safety problems in Kashmir (PHY1)   | 2.50 | 1.29 |
| There are natural disaster risks (earthquake, flood, fire, etc.) at this destination (PHY2)              | 2.48 | 1.31 |
| There is a potential risk of traffic accidents in Kashmir (PHY3)   | 2.45 | 1.38 |
| I am worried about being exposed to events such as crime, theft and snatching at this destination (PHY4) | 2.34 | 1.33 |
| Overall Mean & Standard deviation  | 2.44 | 1.32 |
| Overall Mean & Standard deviation (Perceived risk)   | 2.46 | .762 |
| <b>Destination loyalty</b>   |      |      |
| I Would like to travel to this destination again in the future to spend the holidays (LOY1)              | 3.68 | 1.33 |
| It is worthwhile to re-visit Kashmir (LOY2)  | 3.94 | 1.39 |
| I have a feeling of belonging and an emotional connection to this destination (LOY3)                     | 3.87 | 1.27 |
| I would recommend Kashmir as a tourist destination to my family and friends (LOY4)                       | 3.88 | 1.29 |
| I would say positive things about Kashmir to other people (LOY5)   | 3.96 | 1.30 |
| I would recommend this destination to those who want advice (LOY6)                                       | 3.86 | 1.32 |
| Overall Mean & Standard deviation  | 3.86 | 1.31 |

Table 3: Descriptive Statistics of Measurement Scales.  
Source: Authors.

#### **4.2) ANALYSIS OF MEASUREMENT MODEL**

The two-step approach for SEM, as suggested by Anderson and Gerbing (1988), was employed. First, evaluation of the measurement model in terms of model fit, reliability, and validity was assessed with confirmatory factor analysis using the Maximum Likelihood Method (MLE) method. Second, the structural model was examined to investigate the structural relationships among the study constructs using CB-SEM through AMOS version 23.0. The overall measurement model included five types of perceived risks (social-psychological risk with 4-items, political risk with 4-items, performance risk with 5-items, financial risk with 4-items, and physical risk with 4-items and destination loyalty with 6 indicators. All the constructs of the study were allowed to correlate with one another in a single measurement model. The measurement model depicted an acceptable fit to the data with Chi-square=671.661, df=309, Probability level=.000 ( $P < 0.05$ ), CMIN/DF=2.174, RMR=0.062, GFI=0.901, CFI=0.956, IFI=0.913 NFI=0.922 and RMSEA=0.053. RMR

and RMSEA are the badness-of-fit indices, and the rest are goodness-of-fit. All the indices, be it goodness-of-fit or badness-of-fit indices, are well within the acceptable ranges. Hence, it indicates a good fit for the model. The other psychometric properties of the scale were evaluated next in terms of reliability and validity.

The next step involves an assessment of the construct validity in terms of both convergent validity and discriminant validity of the measurement model. Convergent validity is checked to analyse to what extent the items supposed to measure a particular factor correlate to each other. In the case of convergent validity, composite reliability (CR) and average variance extracted (AVE) values were calculated (Table 4). An acceptable AVE value should be at least 0.5 or higher because, on average, the variance explained by the construct of its related items should be above 50% (Hair et al., 2010). The main factor loadings were also considered for detecting the convergent validity. Factor loading estimates should be 0.7 or higher (Hair et al., 2014). All item loadings are significant at  $p < 0.001$  and greater than 0.7, as shown in Table 4). Moreover, composite reliability is greater than its threshold value of 0.7,  $CR > 0.7$ , and  $AVE < CR$  (Hair et al., 2010). Thus, the overall model exhibits convergent validity.

| Construct                       | Item | Standardised Loadings | CR ( $\geq 0.7$ ) | AVE ( $\geq 0.5$ ) | ( $\alpha$ ) |
|---------------------------------|------|-----------------------|-------------------|--------------------|--------------|
| <b>Socio-psychological risk</b> | SPY1 | 0.776                 | 0.882             | 0.652              | 0.879        |
|                                 | SPY2 | 0.889                 |                   |                    |              |
|                                 | SPY3 | 0.836                 |                   |                    |              |
|                                 | SPY4 | 0.717                 |                   |                    |              |
| <b>Political risk</b>           | POL1 | 0.821                 | 0.875             | 0.637              | 0.875        |
|                                 | POL2 | 0.794                 |                   |                    |              |
|                                 | POL3 | 0.695                 |                   |                    |              |
|                                 | POL4 | 0.847                 |                   |                    |              |
| <b>Performance risk</b>         | PER1 | 0.741                 | 0.912             | 0.675              | 0.910        |
|                                 | PER2 | 0.828                 |                   |                    |              |
|                                 | PER3 | 0.869                 |                   |                    |              |
|                                 | PER4 | 0.900                 |                   |                    |              |
|                                 | PER5 | 0.736                 |                   |                    |              |
| <b>Financial risk</b>           | FIN1 | 0.812                 | 0.895             | 0.681              | 0.891        |
|                                 | FIN2 | 0.750                 |                   |                    |              |
|                                 | FIN3 | 0.913                 |                   |                    |              |
|                                 | FIN4 | 0.706                 |                   |                    |              |
| <b>Physical risk</b>            | PHY1 | 0.818                 | 0.894             | 0.678              | 0.894        |
|                                 | PHY2 | 0.823                 |                   |                    |              |
|                                 | PHY3 | 0.835                 |                   |                    |              |
|                                 | PHY4 | 0.817                 |                   |                    |              |

|                            |      |       |       |       |       |
|----------------------------|------|-------|-------|-------|-------|
| <b>Destination loyalty</b> | LOY1 | 0.866 | 0.945 | 0.743 | 0.945 |
|                            | LOY2 | 0.899 |       |       |       |
|                            | LOY3 | 0.872 |       |       |       |
|                            | LOY4 | 0.868 |       |       |       |
|                            | LOY5 | 0.826 |       |       |       |
|                            | LOY6 | 0.839 |       |       |       |

Table 4: Results of Overall Measurement Model.  
Source: Output of software.

### 4.3) DISCRIMINANT VALIDITY

Fornell and Larcker's (1981) criterion was used to assess the discriminant validity of all the constructs by comparing the square root of the AVE values with the latent variable correlations. For the evidence of discriminant validity, the square root of (AVE) for each construct must be greater than their respective correlation coefficients with other latent variables. As per Table 5 in the present study, the values of the square root of AVE are greater than their correlation estimates, hence proving the discriminant validity of the scale. Thus, the evidence provided by Model Fit Indices, Validity (convergent validity and divergent validity) suggests the measurement model is appropriate.

|     | PHY          | SPY          | POL          | PER          | FIN          | LOY          |
|-----|--------------|--------------|--------------|--------------|--------------|--------------|
| PHY | <b>0.823</b> |              |              |              |              |              |
| SPY | 0.235        | <b>0.807</b> |              |              |              |              |
| POL | 0.378        | 0.465        | <b>0.798</b> |              |              |              |
| PER | 0.311        | 0.439        | 0.430        | <b>0.822</b> |              |              |
| FIN | 0.292        | 0.421        | 0.424        | 0.466        | <b>0.825</b> |              |
| LOY | -0.390       | -0.709       | -0.637       | -0.527       | -0.504       | <b>0.862</b> |

**Note1:** The bold numbers presented diagonally are the square root of AVEs for the constructs, which are usually compared with the correlations of other constructs in the same matrix

**Note2:** FIN- financial risk, SPY- socio-psychological risk, PER- performance risk, PHY- physical risk, POL- political risk, LOY- destination loyalty

Table 5: Discriminant Validity (Fornell-Larcker criterion).  
Source: Output of software.

### 4.4) STRUCTURAL MODEL

As the measurement model showed that the model fits the data quite well, so has been depicted by the structure model, as all the estimates for all the model fit indices were well within the acceptable limits with Chi-square=671.641, df=309, Probability level=.000 (P<0.05), CMIN/DF=2.173, RMR=0.062, GFI=0.901, CFI=0.956,

IFI=0.913 NFI=0.922 and RMSEA=0.053 As per the results of the structural model squared multiple correlation, the R<sup>2</sup> estimate, i.e., 0.663 for destination loyalty, is evidence that the five types of perceived risks, which have been used as predictors of it, explain 66.3% of the variance which is quite good for the dependent variable in any model (Figure 2). The results of structural equation modelling along with path coefficients and their associated critical ratios are given in Table 6.

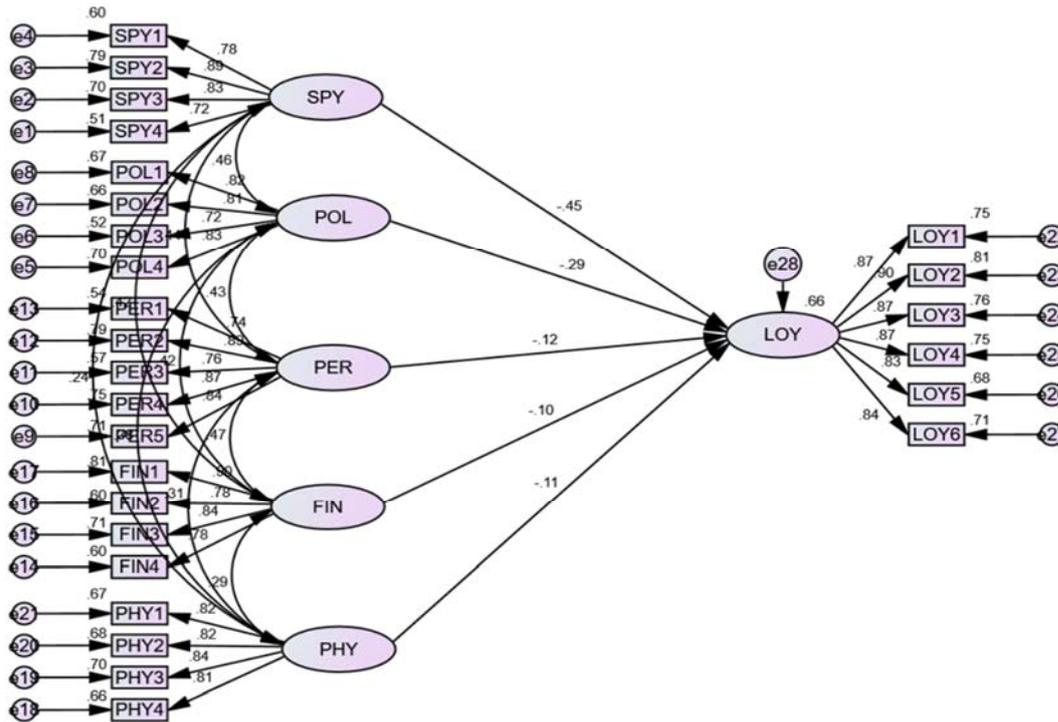


Figure 2: structural model.  
Source: Output of software.

#### 4.5) EVALUATION OF STRUCTURAL MODEL COEFFICIENTS

There is one main direct hypothesis in the current study and various sub-hypotheses under the main hypothesis. The results of hypotheses testing in light of structure model coefficients are discussed as under:

**Hypothesis 1: Perceived risks negatively affect tourists' destination loyalty**

**H1a: Socio-psychological risk negatively affects tourists' destination loyalty**

The path coefficient associated with socio-psychological risk and destination loyalty in the structure model depicted in Table 6 shows a significant association between the two variables ( $\beta=-0.452$ ). The path coefficient indicates that for every one-unit increase in socio-psychological risk, its effect would contribute to a 0.45 units decrease in destination loyalty. The P-value associated shows that the relationship is significant as  $P\text{-value}<0.001$ . Hence, the hypothesis (H1a) is supported.

### **H1b: Political risk negatively affects tourists' destination loyalty**

In the current study, the statistic for political risk and destination loyalty in the Table 6 shows that both variables have a relationship, and the relationship is statistically significant ( $\beta=-0.290$ ,  $P<0.001$ ). Thus, it can be said that as the political risk goes up by one standard deviation, destination loyalty goes down by 0.290 standard deviations. Hence, the hypothesis (H1b) is supported.

### **H1c: Performance risk negatively affects tourists' destination loyalty**

Based on the structural model coefficients Table 6, the relationship between performance risk and destination loyalty is statistically significant ( $\beta=-0.124$ ,  $P<0.001$ ). It signifies that the performance risk perceived by tourists affects destination loyalty. Hence, the hypothesis (H1c) is supported.

### **H1d: Financial risk negatively affects tourists' destination loyalty**

The structural model results reveal that the relationship between financial risk and destination loyalty is statistically significant ( $\beta=-0.101$ ,  $P<0.001$ ), indicating that financial risk influences destination loyalty. Hence, the hypothesis (H1d) is supported.

### **H1e: Physical risk negatively affects tourists' destination loyalty**

The path coefficient between physical risk and destination loyalty shows the path is significant ( $\beta =-0.106$ ,  $P<0.001$ ). Thus, it indicates that physical risk influences destination loyalty. Hence, the hypothesis (H1e) is supported.

| Endogenous Variable |   | Exogenous Variable       | Estimate | SE    | CR     | P-value | Result    |
|---------------------|---|--------------------------|----------|-------|--------|---------|-----------|
| Destination loyalty | ← | Socio-psychological risk | -0.452   | 0.062 | -9.139 | ***     | Supported |
| Destination loyalty | ← | Political risk           | -0.290   | 0.053 | -6.270 | ***     | Supported |
| Destination loyalty | ← | Performance risk         | -0.124   | 0.044 | -2.901 | .004    | Supported |
| Destination loyalty | ← | Financial risk           | -0.101   | 0.046 | -2.381 | .017    | Supported |
| Destination loyalty | ← | Physical risk            | -0.106   | 0.041 | -2.738 | .006    | Supported |

**Note:** S.E= standard error, CR= critical ratio, \*\*\* indicates significance at 0.001 level.

Table 6: Structural Model Coefficients.

Source: Output of software.

## **5. DISCUSSION AND CONCLUSION**

In order to determine the effect of perceived risks on destination loyalty, five research sub-hypotheses (H1a, H1b, H1c, H1d, H1e) were formulated, and SEM was used to test these hypotheses. The study results revealed that among the various types of perceived risks, only socio-psychological risk ( $\beta=-0.452$ ,  $p<0.001$ ) and political risk ( $\beta = -.290$ ,  $p<0.001$ ) showed a strong negative relationship with destination loyalty. While as the direct relationship of performance risk ( $\beta=-0.124$ ,  $p<0.001$ ) financial risk ( $\beta=-.0101$ ,  $p<0.001$ ) and physical risk ( $\beta=-0.106$ ,  $p<0.001$ ) with destination loyalty showed weak negative relationship with destination loyalty. There have always been mixed findings in the case of assessing the relation between perceived risks and destination loyalty (Harun et al., 2018). For example, An et al. (2010) analysed various risks at the travel destination and concluded that, except for physical risk, all types of risk, including political and performance risks, affect behavioural intentions significantly. Qi et al. (2009) revealed that violence risk and socio-psychological risk are negatively related to the desire to visit China.

Similarly, Khasawneh and Alfandi (2019) revealed that only two components of perceived risk (financial and performance risks) had a significant negative impact on tourists' behavioural intentions. However, the present study showed that socio-psychological and political risks are important contributors to predicting tourists' destination loyalty. This is due to the context of the destination, as political instability in Kashmir has been a major hindrance to the smooth growth of the tourism industry

and has been considered a volatile destination (Chahal and Devi, 2015). Similarly, many studies consider tourists as rational and risk-sensitive customers. As a result, politically disturbed destinations pose political risks as well as socio-psychological barriers to tourists visiting such destinations (Walters et al., 2018). The results support that if tourists perceive more socio-psychological and political risk, their loyalty towards the destination will decrease considerably.

### **5.1) RISK PERCEPTION OF TOURISTS ON THE VARIOUS RISK DIMENSIONS**

Descriptive statistics, including mean and standard deviation, were used to measure tourists' level of perception of risk on the various risk dimensions. Overall, the analysis revealed that respondents did not agree that Kashmir is a risky place to visit, with the lowest mean score was observed for political risk (Mean=2.29), followed by socio-psychological risk (Mean=2.37), physical risk (Mean=2.44), performance risk (Mean=2.52) and financial risk (Mean=2.70).

The low-risk perception of tourists in the present study contradicts Fuchs and Reichel's (2011) findings that there is an increased risk perception of tourists towards volatile destinations. The population of their study was international tourists who visited Israel, a country known for its long history of tourist crises. However, the present study was also focused on the crisis-affected destination, i.e., the Kashmir valley, but the study's population was domestic tourists. Similarly, the lowest mean value observed for political risk contradicts Gray and Wilson's (2009) findings that political risks are perceived as more dangerous than other types of risks due to the emotional impact that such events generate. These interesting findings of the study revealed that although Kashmir being a volatile destination, the risks perceived by tourists towards Kashmir were low while performing various tourism-related activities in Kashmir. The low-risk perception of tourists could be explained in various ways. Firstly, the current study was conducted to explore in-situ risk perception, i.e., tourists' risk perception was measured while visiting Kashmir, with the majority of tourists staying in Kashmir for 5-8 days. As a result, the newly created realistic perception of the destination in tourists' minds based on the first-hand experience of the destination lessens the impact of perceived risk levels. This is because familiarity and experience with a destination play an important role in increasing the tourists'

propensity to visit and reducing their risk perceptions about it (Wong and Yeh, 2009). Second, the target population for the study was domestic tourists, and such a market is more resilient than international tourists in terms of travel risk perceptions because of their proximity to the destination affected by some crisis events and their comprehension of the precision of the information being circulated (Walters et al., 2014).

## **6. IMPLICATIONS**

### **6.1) THEORETICAL IMPLICATIONS**

The study contributes to the existing literature in several ways. First, most of the previous studies measured the risk perceptions of potential travellers, mostly university and college students, rather than the perceptions of the actual tourists. The present study explored the in-situ risk perception. Second, after reviewing the literature on risk perception in tourism, it was found that risk perception studies can typically be classified into distinctive groups. The first group considers the impact of risk perception on behavioural intentions before visiting the destination (Qi et al., 2009). The second group considers the effect of risk perception on the behavioural intentions of tourists with past experience (Fuchs and Reichel, 2006). This study is peculiar in that it looks at how tourists perceive risk on a return trip to Kashmir, thus combining components of pre-purchase perceived risk with previous experiences and loyalty intentions. Finally, most of the prior studies on risk perception were much focused on international tourism than domestic tourism. The study contributes to the existing tourism literature through shedding light on domestic tourists' risk perception and its impact on travel behaviour thereby revealing the complexity of destination loyalty formulation of domestic tourists.

### **6.2) MANAGERIAL IMPLICATIONS**

As the current study was conducted to explore in-situ risk perception, the study results revealed that respondents disagree that Kashmir is a risky place to visit. This is due to the newly created realistic perception about the destination in tourists'

minds based on the first-hand experience of the destination and the nature of the target population, i.e., domestic tourists. As visitation to a place may reduce risk perception, it provides an opportunity for destination managers or authorities to double their efforts regarding offering quality attractions, a safe and secure environment, value for money, as well developed tourism infrastructure like transportation, accommodation, and tourist information centres to ensure that tourists will gain positive experiences during their stay. The quality of the tourists' experience will become a promotional tool for improving the image and decreasing the risk perception towards the Kashmir valley. Similarly, when tourists think about international travel, they are more risk-averse than when they think about domestic travel. This is known as "home-is-safer-than-abroad bias" (Wolff et al., 2019). Therefore, domestic tourists' resilience in terms of travel risk perception in the present study provides policymakers and tourism practitioners with an opportunity to focus on domestic tourism promotion as an important strategic tool to resuscitate the tourism industry in Kashmir.

The present study reveals that knowledge of various risk factors and their influence on destination loyalty formulation would be beneficial for DMOs in designing effective marketing strategies through an attempt to reduce the risk perception of travellers' Thus, it is suggested that destination marketers and policymakers should focus on risk reduction strategies in order to keep the various risk perception levels of tourists at a minimum. In this regard, socio-psychological risk can be decreased by matching the needs of domestic tourists by adopting tailor-made plans including all the services, amenities, and specific benefits to reinforce individuals' personal values and to create a delightful experience while exhibiting these plans. This will not only increase better feelings but also increase the propensity to rationalise risk. Minimisation of political risk could be achieved through the surety of local government to tourists' safety, free insurance coverage, and the introduction of protection measures (Law, 2006). Similarly, financial and performance risk could be decreased by encouraging executing stakeholders to offer value-for-money in terms of services they are rendering, keeping reasonable prices for various facilities and services through travel businesses' firm assurances of right prices and not raising prices excessively during peak tourism periods, and providing excellent tourist facilities and services, improving the service quality of hotels, maintaining

tranquillity at the destination, and encouraging the local hospitality. Similarly, maintaining the overall hygienic conditions at a destination through spurt checks and in food stalls through monitoring of hygiene and safety for food service providers by the competent authorities, the imposition of tourist police to avoid risks related to crime, theft, snatching, and widening of roads to avoid traffic accidents are some of the possible measures to reduce perceived physical risk.

## **7. LIMITATIONS AND FUTURE RESEARCH**

There exists shortcomings in this study that warrant further research. To begin with, the findings are unique to the context of a volatile destination, i.e., the Kashmir Valley. Cross-validating, the model would be aided by conducting the study in different contexts. Second, Some of the dimensions of perceived risk could not be studied, as the size of the questionnaire was to be kept reasonable and acceptable to the respondents. Therefore, additional dimensions of perceived risk, like communication, time and satisfaction risks, should be taken into future research. Third, the study did not analyse the impact of demographic characteristics like gender, age, income, and experience on perceived risk. Therefore, analysing the effect of demographic characteristics of tourists as moderators in the linkage between perceived risk and destination loyalty can be done. Fin future research. Finally, perceived risks were studied as antecedents to loyalty intentions. There could be additional factors influencing tourists' behavioural intentions. Future research can focus on other possible constructs like place attachment and brand personality in the proposed model to widen the research scope by conceptual refinement and extension.

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