

## CHAPTER V

### CONCLUSION AND SUGGESTION

This chapter contains conclusions from the results that have been presented in the previous chapter which contains conclusions, research implications, research limitations and suggestions for further research.

#### 5.1 Conclusion

This study concerns about risk perception can affect propensity indebtedness mediated by emotion and discusses how financial literacy and financial management can affect propensity indebtedness. This research uses a quantitative approach which includes collecting primary data obtained from MSME owners in the city of Padang. The questionnaire was distributed online through social media (google form) and directly (physic) to 105 respondents in the study. The data obtained from the field was then processed using Smart-PLS 3.0 with the SEM method, so the following conclusions can be drawn:

1. Financial literacy has a positive and significant effect on propensity indebtedness. This shows that the higher the financial literacy of MSME owners in the city of Padang, the higher their debt tendencies. This is because MSME owners in the city of Padang have a good ability in terms of managing finances or debts and using debts well to develop businesses and with good financial literacy, MSME owners are more selective in choosing the financial services they will use when are in debt.

2. Financial management variables have a significant negative effect on propensity indebtedness. This shows that the better MSME owners are at managing their finances and debts, will decrease the level tendencies of debt. Conversely, if the MSME owner cannot manage finances and debts, the MSME owner will always be in debt.
3. Risk perception has a positive insignificant effect on propensity indebtedness. This shows that the high or low risk perception owned by MSME owners cannot affect the tendency to owe.
4. Risk perception mediated by emotion has a significant positive effect on the tendency to owe MSME owners in the city of Padang. This means that the higher the risk perception held by MSME owners in Padang City will affect the level of indebtedness through emotion.

## **5.2 Implications**

Based on the research that has been done, there are several research implications obtained as follows:

1. For Researchers

The results of this study can help researchers in future research related to the influence of financial literacy, financial management, risk perception and emotion on propensity indebtedness and can be used as a reference or comparison of research on the tendency of indebted MSME owners to loan sharks in other region or other provinces.

## 2. For Academics

The results of this study can help add to the literature and knowledge about financial literacy, financial management, risk perception, emotion and indebtedness in the MSME sector or even literature and scientific sources for further research and can add insight and knowledge, especially for students majoring in financial management.

## 3. For MSME Owners

For MSME owners in Padang, the results of this study can be an insight and consideration in making financial decisions regarding the factors that can affect the level of indebtedness.

## 4. Formal Lending Institutions

For formal lending institutions such as banks and cooperatives should provide loans in small amounts for small communities by simplifying lending procedures carried out by small communities, which is expected to reduce borrowing money to loan sharks.

### **5.3 Limitation**

Based on the research that has been done, researchers realize that the results of this study are far from perfection and have limitations. Therefore, this limitation is expected to be paid more attention for future research. Some limitations in this study are:

1. This research was only conducted on MSME owners in Padang City only and the number of samples used in this study only used 105 research samples.

2. The variables of this study are limited to financial literacy, financial management, risk perception, and emotion which only a small part can explain the dependent variable, namely propensity indebtedness.
3. This study also discusses the role of emotion as a mediating variable between risk perception and propensity indebtedness where researchers have difficulty finding previous research that discusses the same model, and data processing in this study only focuses on SEM method in the SMART-PLS application.

#### **5.4 Suggestions**

Based on the conclusions and limitations of this study, there are several suggestions that can be used as consideration for future research.

1. Hopefully to expand the scope of further research which does not only focus on MSMEs in Padang City and for further research is expected to increase the number of samples that become respondents so that the research results are even better.
2. For future research can examine other variables that may be more relevant in influencing the tendency of debt MSME owners such as demographic factors (age, marital status, economic factors, etc).
3. It is hoped that future research can use previous research journals that are even better than the author, and use different data processing methods or applications such as EViews, SPSS, STATA, Warp-PLS, etc.