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Investigating the Key Drivers of Career Selection in the Creative Economy Sector

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Abstract

This study focuses on identifying the key determinants that shape individuals' decisions to pursue entrepreneurship within the creative economy sector, specifically in a National Strategic Tourism Area. The research zeroes in on Magelang Regency in 2024, a region with substantial potential for creative economy growth due to its strategic tourism positioning. Employing a probit regression model grounded in utility theory and neoclassical labor choice theory, the study examines how various factors influence the likelihood of participating in the creative economy. The results indicate that higher capital are negatively correlated with participation, while increased availability of local resources enhances the probability of engagement. legality of business entity negatively impacts the probability of choosing to enter the sector. Conversely, heightened perceived competitiveness and lower technological proficiency significantly diminish the likelihood of entry. The research significantly contributes to understanding the determinants of individual entrepreneurial decisions in the creative economy sector within National Strategic Tourism Areas, particularly highlighting the critical roles of partnerships and local resource utilization. These findings underscore the need for targeted policy interventions, such as promoting collaborative business models and improving access to financial and technological resources, to foster equitable growth and enhance participation in the creative economy sector. To foster greater participation in the creative economy, policy interventions should prioritize reducing capital barriers, enhancing resource accessibility, strengthening educational initiatives, and addressing deficiencies in competitiveness and technological skills.

Keywords: Characteristic of Business, Entrepreneurship; Creative Economy; Probit Regression;

JEL classification: L22, L26, Z11, C25

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1. INTRODUCTION

The decision to pursue entrepreneurship has been extensively studied across various countries, with numerous studies examining the internal, social, psychological, environmental, and cultural factors that influence this choice (Antončič & Auer Antončič, 2023; Kumar & Sudarsanam, 2022; Lee et al., 2022; Soltwisch et al., 2023). However, contemporary economic trends and the rise of new economic sectors offer unique opportunities for non-entrepreneurs to consider venturing into these emerging areas. Among the most prominent of these is the creative economy, currently the fastest-growing sector globally, contributing 10 percent to the world's GDP (Asian Development Bank Institute, 2022; Fernandez-Pol & Harvie, 2020). This sector places a strong emphasis on creativity as a driver of innovation and economic advancement (Gouvea et al., 2021; UNCTAD, 2022).

Based on the percentage of tourism and creative economy enterprises by province in Indonesia, Central Java Province has the highest contribution at 13.62 percent, followed by East Java (13.39 percent) and West Java (12.1 percent), reflecting the dominance of Java Island in this sector. Outside Java, North Sumatra (5.14 percent) and Bali (3.43 percent) stand out as provinces with the highest contributions, highlighting the strategic roles of these regions as major tourist destinations. Conversely, provinces in eastern Indonesia, such as West Papua (0.51 percent), North Maluku (0.57 percent), and West Sulawesi (0.64 percent), show relatively low percentages, indicating significant potential for developing tourism and creative economy sectors in these areas. Additionally, provinces in Kalimantan display varying contributions, with South Kalimantan reaching the highest at 2.4 percent, while North Kalimantan ranks the lowest at 0.5 percent, reflecting regional disparities on the island (Ministry of Tourism and Creative Economy/Tourism and Creative Economy Agency, 2023).

In Indonesia, the creative economy employs 9.49 percent of the workforce, significantly outpacing the national employment growth rate of 3.2 percent in 2022 (Hendriyani, 2023). This suggests considerable potential for reducing unemployment in the country compared to other sectors. Notably, the majority of workers in this sector have an education level equivalent to high school or lower, with only around 7.2 percent holding higher education degrees (Rizaty, 2023). Furthermore, the sector offers promising opportunities to enhance the competitiveness of industries that remain underdeveloped in Indonesia. By prioritizing creativity, the sector has the potential to drive significant economic growth, boost competitiveness, and alleviate poverty (Rimbawati & Kustulasari, 2023).

Central Java stands out as one of Indonesia's leading provinces in terms of creative economy workforce, employing approximately 4.3 million people in this sector (Isnawati et al., 2023). In 2020, the province recorded 1.3 million creative businesses (Ikhsan, 2021). Among its regions, Magelang Regency is particularly noteworthy, exhibiting the highest

creative economy growth in Central Java, accounting for 13.98 percent of the province's total (Durmasema et al., 2020). Magelang is also part of a National Tourism Strategic Area and hosts one of Indonesia's super-priority tourism destinations, Borobudur Temple (Kemenparekraf, 2018). This strategic positioning further strengthens the foundation for substantial growth in the creative economy. With the sector contributing 7.9 percent to Indonesia's national GDP (Barekraf RI, 2023), there is immense potential for local communities to capitalize on opportunities within the creative economy sector.

The creative economy's vast potential can encourage non-entrepreneurs to explore entrepreneurial opportunities within this sector. The Neoclassical Model of Labor or Leisure Choice explains that individuals decide between work and leisure based on how they allocate their time (Gahramanov & Tang, 2016; Saczuk, 2012), with the total available hours being a key factor (Borjas, 2016). Utility theory further elucidates that individuals base their decisions on expected benefits or satisfaction derived from their choices (Mankiw, 2012). Thus, when determining whether to engage in entrepreneurship, particularly in the creative economy versus other sectors, individuals naturally weigh the expected benefits or satisfaction they anticipate from the creative economy.

Prior studies have demonstrated that the quality of educational institutions, the presence of mentoring programs, and exposure to diverse artistic and cultural experiences can significantly influence an individual's decision to pursue entrepreneurial activities or careers (Britto, 2016; Kohn & Wewel, 2018; Paulsen et al., 2021). Additionally, factors such as institutional frameworks, public policies, organizational culture, and dynamic institutional processes have been shown to impact entrepreneurial decision-making, particularly during periods of innovation and institutional transitions(Audretsch, 2023; Chowdhury et al., 2019; Hjorth & Reay, 2022; Hoogstraaten et al., 2020; Sendra-pons et al., 2022; Zhai et al., 2019).

Research conducted in Vietnam revealed that entrepreneurship education, family background, entrepreneurial ecosystems, behavior, opportunities, attitudes, intentions, and efficiency all significantly influence entrepreneurial decisions, while social evaluation did not (Truong & Dang Van My, 2022). Additionally, attitudes and motivation were found to have a direct correlation with entrepreneurial choices, especially regarding existing opportunities (Batz Liñeiro et al., 2024). A similar study in the Philippines, employing probit regression analysis, found that factors such as gender, family size, wealth, parental entrepreneurship, years of schooling, and risk tolerance significantly affect entrepreneurial decisions. However, variables like age, wages, initial capital, credit access, and administrative factors did not exhibit significant influence (Huang et al., 2016). These findings highlight the ongoing contradictions and inconsistencies in the determinants of entrepreneurial decision-making across different contexts.

While most research continues to focus on entrepreneurship in general or within distinct goal groups, few studies have specifically examined entrepreneurial decision-making within the creative economy. This gap is notable given the sector's increasing significance and potential. In the context of the creative economy, creative entrepreneurship suggests that access to financial resources and the availability of support mechanisms, such as grants,

loans, or crowdfunding platforms, play a crucial role in determining the viability of creative endeavors as a livelihood (Chang & Chen, 2020). Additionally, factors such as casualization, education levels, technology adoption, career interest, and job satisfaction can all influence an individual's likelihood of entering the creative economy sector (Comunian et al., 2015; Gandini et al., 2017; Jeong & Choi, 2017; Taylor & Luckman, 2020). Despite these insights, studies on entrepreneurship have yet to focus specifically on the creative economy, particularly within Indonesia's super-priority tourism areas.

No prior research has specifically investigated the factors influencing the decision to pursue entrepreneurship within the creative economy sector, particularly in the context of National Tourism Strategic Areas. This study's unique contribution lies in its focused analysis of the determinants shaping entrepreneurial choices in the creative economy within such designated regions. Unlike previous studies, which typically examined broader influences, this research offers in-depth, empirical, and contextual insights into entrepreneurial dynamics within the creative economy sector in key tourism areas. The findings aim to enrich the existing literature on entrepreneurship and creative economy development while providing evidence-based policy recommendations to support sectoral growth in national tourism priority regions.

2. RESEARCH METHOD

This section describes the study area, data collection methods, sample characteristics, variables, and analytical tools. A probit model is used to explore the factors affecting decision-making in the creative economy sector compared to other sectors. Sample selection followed relevant criteria to ensure representative data for robust and reliable analysis.

Magelang Regency, with Borobudur Temple as its cultural cornerstone, plays a critical role in fostering the growth of the creative sector in the region. The international prominence of Borobudur not only drives tourism but also energizes local creative industries that are essential to the region's economy. While Magelang Regency lacks a dominant architectural sector, the synergy between Borobudur's historical significance and the entrepreneurial activities it generates has transformed the surrounding area into a hub for creative sector development. This dynamic has created sustainable economic opportunities for the local population while preserving cultural heritage. As a designated Strategic National Tourism Area, Magelang demonstrates significant potential in the creative economy sector. It leads the creative economy landscape in Central Java Province, contributing 13.98% of the total creative economy actors in the region, further solidifying its critical role in driving local creative economic activities through its cultural and tourism assets.

The data on creative and non-creative economy actors used in this study is related to the results of the business actor survey conducted by the Department of Tourism, Youth, and Sports of Magelang Regency as the basis for calculating the sample size. The creative economy sector was defined according to Regional Regulation No. 3 of 2022, which governs the management of the creative economy in Magelang. Non-creative economy actors were defined as those involved in the broader tourism sector. The dataset includes 512 creative economy actors and 725 tourism business actors, representing the population for each sector

and serving as the basis for sample selection. The sample size was calculated using the (Krejcie & Morgan, 1970) formula.

$$n = \frac{X^2 NP(1-P)}{d^2(N-1)+X^2 P(1-P)},$$

where: n is the sample size, N is the population, X is the chi-square value, P is the population proportion, and d is the sampling error (0.10).

The minimum sample size for each sector was determined to be 60 creative economy actors and 62 tourism business actors. Given the study's emphasis on the creative economy sector, additional efforts were made to ensure comprehensive representation across its subsectors. To exceed the minimum sample size, 64 creative economy actors and 69 tourism business actors were ultimately included, resulting in a total sample size of 131. The detailed breakdown of the sample is presented in Table 1.

This study utilized a purposive sampling method, selecting respondents based on specific criteria aligned with the research objectives. Data for this study was meticulously gathered through direct surveys employing a structured questionnaire instrument, conducted over the period from April to July 2024. The data processing protocol encompassed several critical stages, including validation, editing, cleaning, coding, and tabulation. This purposive sampling technique was strategically implemented to ensure the selection of respondents who are most pertinent to the research focus, thereby significantly enhancing the validity, specificity of findings, and contextual relevance of the study. Specifically, the rationale behind sample determination is anchored in the explicit focus and objectives of the research within the context of the creative economy sector. The intent is to ensure that the sample accurately reflects the diverse sub-sectors within the creative economy. This is achieved through the utilization of a comprehensive database of creative economy and tourism actors compiled by the Department of Tourism, Youth, and Sports of Magelang Regency. Furthermore, adjustments were made to account for the availability and completeness of data, prioritizing active business entities in the Borobudur temple area and its surroundings, as well as those businesses that remained operational during the year of study. The delineation of the creative economy sector is framed by Regional Regulation No. 3 of 2022 of Magelang Regency, which governs the organization of the creative economy. This regulatory framework is complemented by the Scope of Tourism and Creative Economy Activities as outlined in the Indonesian Business Field Classification (KBLI) 2020.

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Table 1. Sample Distribution

CREATIVE ECONOMY				TOURISM			
Subsector of Creative Economy	**N**	**n**	**adj-n**	**Subsector of Tourism**	**N**	**n**	**adj-n**
Craft	282	33	33	Accomodation for Visitors	97	8	8
Performing Arts	41	5	5	Cultural Activities	29	3	3
Film, Animation, and Video	4	0	1	Food and beverage serving activities	261	22	22
Culinary	52	6	6	Other Country-Specific Tourism Characteristic Activities	25	3	3
Photography	36	4	4	Sports and Recreational Activities	203	17	17
Fashion	40	5	5	Travel Agencies and Other Reservation Service Activities	110	9	9
Visual Arts	3	0	1	Retail Trade of Country-Specific Tourism Characteristic Goods	-	-	1
Visual Communication Design	12	1	1	Road Passenger Transport	-	-	5
Publishing	9	1	1	Transport Equipment Rental	-	-	1
Game Development	9	1	1				
Product Design	12	1	1				
Interior Design	5	1	1				
Advertising	2	0	1				
Television and Radio	2	0	1				
Applications	3	0	1				
Music			1				
Total	**512**	**60**	**64**	**Total**	**725**	**62**	**69**

For the purposes of this study, cross-sectional data were collected during the research period. All data were sourced from entrepreneurs within the creative economy and tourism sectors. In addition to ensuring data availability, variable measurements were selected based on relevant theories, literature, and phenomena surrounding individual decision-making, particularly in relation to entrepreneurship in the creative economy and other sectors. Individual and business characteristics were analyzed as determinants influencing entrepreneurial decisions within these sectors. Individual characteristics included gender, age, and education level, while business characteristics were examined through workforce availability, capital, business longevity, raw material sources, competitiveness, economic institutions, technology, and financial inclusion. All variables are detailed in Table 2.

Table 2. Definitions of Variables

Scope	Variable	Variables code	Measurement
Y	Individual Business Decisions	Y	creative economy sector (1); others (0)
individual characteristics	Gender	gen	male (1); female (0)
	Age	Age	Age (years),
	Education	educ	Education level: diploma or above (1); others (0)
business characteristics	Labour	lab	Number of workers (person)
	Initial Capital	cap	Business capital (rupiah)
	length of business	exist	Length of business/commercial operation (years)
	business legal entity	legal	Type of business entity: PT/ Perum/ CV/ Foundation/ Cooperative/Other (1); others (0)
	product standardization certificate	stand	Ownership of Business/Product Standardization SNI/ BPJPH/ Halal/ Brand/ISO (1); others (0)
	Communities	Comm	Joined a Communities/ Union/ Association (1); Others (0)
	Partnership	Part	Implementation of Partnership Pattern (1); others (0)
	Resources	Res	The largest proportion of raw material sources from local potential from within one village/sub-district/district/regency (1); others (0)
	Competitiveness	Compe	Have competitiveness if the largest proportion of sales to other districts/cities or in other provinces/provinces or abroad (1); others/in one village/sub-district/regency) (0)
	use of production technology	tech1	Business uses technology such as mechanical/electronic/AI/Digital (1); others/manual/traditional (0)
	use of marketing media technology	tech2	Use of the internet for business (1); others (0)
	financial inclucion	fin	Ever received/is receiving credit from financial institutions (1); others (0)
	Business Background (descendants as a reference)	Back1	own initiative (1); others (0)
		Back2	training (1); others (0)

The study utilizes probit regression, an analytical approach suited for modeling limited dependent variables. The probit model was chosen for this study due to its ability to effectively analyze binary outcome variables, which aligns with the research objective of examining the factors influencing the decision to engage in the creative economy sector versus other sectors. This model is particularly suitable for limited dependent variables, where the outcome is categorical (creative economy sector vs. other sectors) and binary in nature (1 for engaging in the creative economy, 0 for not). Additionally, the probit model offers a robust framework for incorporating various individual and business characteristics as predictors, allowing for a nuanced understanding of how these factors influence entrepreneurial decisions. Unlike linear models, the probit model accounts for non-linear relationships between the independent variables and the likelihood of the outcome, providing more accurate estimates through the maximum likelihood estimation method. Moreover, the probit model's use of cumulative distribution functions ensures the interpretation of results in terms of probability changes, particularly useful for assessing the marginal effects of different variables on the likelihood of choosing entrepreneurship in the creative economy sector. This approach also enhances the robustness and reliability of the analysis by testing for multicollinearity, model fit, and goodness of fit, ensuring that the model is well-suited to capture the complexities of entrepreneurial decision-making within the context of Magelang's creative economy.

The probit model is types of generalized linear models (GLMs) used to analyze the relationship between a binary dependent variable and one or more independent variables. The probit model is inherently non-linear and employs the maximum likelihood (ML) estimation method. Probit model is based on the cumulative distribution function (CDF) of the standard normal distribution. This can make it easier to interpret the coefficients, as they can be directly related to the standard normal distribution. Notably, probit coefficients are interpretable primarily in terms of their signs, rather than their magnitudes. The most informative way to interpret these coefficients is by calculating the marginal effect, which reflects the change in probability associated with a variation in the independent variable. Specifically, the marginal effect quantifies the shift in the probability of a successful outcome (Y=1) when an observation possesses a particular characteristic (X=1). In essence, it captures how the likelihood of a successful event (Y=1) is altered by the presence of the characteristic (X=1). A positive marginal effect signifies that an independent variable, particularly a categorical (dummy) variable with a specific characteristic (X=1), increases the probability of a successful event (Y=1) relative to the reference category, by the value of the marginal effect. For continuous independent variables, a positive marginal effect indicates that each one-unit increase in the independent variable leads to an increase in the probability of a successful outcome (Y=1), corresponding to the marginal effect's value.

The probit equation is grounded in Utility Theory and Neoclassical Labor Choice Theory, typically represented as $P_i(Y_i = 1|X_i) = \emptyset(\beta_0 + \beta_1 X_i)$. To further assess the influence of individual entrepreneur characteristics and the attributes of creative and non-creative economic enterprises, the model is expanded to $P_i(Y_i = 1|X_i) = \emptyset\left(\beta_0 + \beta_i' \sum_{i=1}^{p} X_i\right)$. In this context $P_i(Y_i = 1)$ takes the value of 1 if the probability of an individual choosing to engage

in the creative economy sector is high, and 0 otherwise. The term $\sum_{i=1}^{p} X_i$ are both individual and business characteristics, while β represents the parameters. To ensure the robustness of the probit model, three key diagnostic tests were conducted: multicollinearity analysis to check for independent variable correlation, the Overall Model Fit test with a null hypothesis positing model adequacy, and the Goodness of Fit Test using the chi-square statistic to evaluate the null hypothesis that no significant differences exist between the model and the observed data. Additionally, the model's explanatory power was assessed through the coefficient of determination (Pseudo R^2).

3. RESULTS AND DISCUSSION

3.1. Results

The descriptive statistics on table 3 provide insights into the characteristics of the sample. A total of 64 individuals (49%) are engaged in the creative economy sector, while 69 individuals (53%) are involved in the tourism sector, reflecting a nearly equal distribution of participation across both industries, with a slight predominance in tourism. However, the data also reveals a pronounced gender disparity in both sectors. Men constitute the majority in both fields, with 69% representation in the creative economy sector compared to 37% in the tourism sector. This suggests that men are more inclined to engage in business activities across these sectors. Despite the overall lower participation of women, the tourism sector shows a higher tendency to attract female entrepreneurs (15%), highlighting a potential opportunity for policy interventions aimed at increasing female representation within the creative economy sector. The average age of business owners in the creative economy sector is approximately 42 years, with a range spanning from 23 to 67 years. In contrast, business owners in the tourism sector tend to be slightly older, with an average age of around 45 years and an age range extending from 23 to 80 years. Regarding educational attainment, tourism sector participants generally possess higher levels of formal education. A significant proportion of individuals with a diploma or higher degree are found in the tourism sector (21%), compared to the creative economy (12%). This suggests that the tourism industry often necessitates more formal skills or specialized knowledge, which are typically acquired through higher education. Given that the tourism sector frequently interacts with international clientele, a workforce with a stronger educational background may be required, whereas opportunities for individuals with lower levels of formal education (such as high school graduates or below) are more prevalent in the creative economy sector.

In terms of business characteristics, the average monthly capital investment in the creative economy sector stands at Rp 26.6 million, while the tourism sector commands a significantly higher average of Rp 1.19 billion per month. Additionally, the creative economy sector employs an average of 4 workers per business, compared to the tourism sector, where the average is notably higher at 12 workers. Concerning business longevity, enterprises in the creative economy sector have an average lifespan of 14 years, surpassing the 11-year average of businesses in the tourism sector. A noteworthy insight from the data is the heavy reliance on local resources within the creative economy sector. Approximately 33% of businesses in this sector depend on locally sourced raw materials, illustrating a strong

connection to local supply chains. While this local dependency can offer a competitive advantage in terms of sustainability, it also exposes businesses to vulnerabilities in the event of disruptions in the local supply chain. In contrast, the tourism sector is more integrated into broader markets, with 46% of businesses demonstrating competitiveness beyond the local region, which enhances their market reach and diversification. Another significant finding is the informality of businesses in both sectors. A large majority (73%) of businesses are not legally registered, which underscores the informal nature of entrepreneurial activities in the region. This lack of legal status restricts access to essential resources, including financing, tax incentives, and formal business training. It may also explain why only 14% of businesses have received, or are currently receiving, credit from financial institutions, further limiting their growth potential.

As illustrated in Table 3, the tourism sector exhibits higher competitiveness than the creative economy sector, both at the district and provincial levels, and even extending to international markets (46% compared to 27% in the creative economy sector). This suggests that the tourism industry benefits from greater access to broader markets, while the creative economy remains more localized, relying heavily on the regional ecosystem. In terms of technological adoption, the tourism sector demonstrates a higher rate of integration (41%), likely due to the service-oriented nature of the industry, which increasingly relies on digital tools such as online reservations and digital marketing. Despite this, a majority of businesses in both sectors have yet to fully utilize access to financial credit, with 88% of enterprises reporting limited or no access. This points to financial inclusion as a significant challenge, and enhancing access to credit could play a critical role in increasing production capacity and facilitating business expansion. Lastly, the origin of businesses in both the creative economy and tourism sectors is often rooted in individual initiative, reflecting a strong culture of entrepreneurship driven by personal motivation rather than institutional support.

Overall, the descriptive data reveal that the tourism sector outperforms the creative economy sector in terms of capital investment, labor force, and competitive reach. However, the creative economy sector exhibits notable strengths, particularly in its use of local raw materials and its deep reliance on local communities. Both sectors display significant disparities in gender participation, educational attainment, and business formalization, alongside low levels of technology adoption and limited access to financial resources. These findings underscore the multifaceted and intricate nature of the factors shaping participation in the creative economy, offering a robust foundation for more in-depth analysis and exploration.

Table 3. Descriptive Statistics

Variable	Description	Both		Creative Economic Sector		Tourism Sector	
		Sum	(%)	Sum	(%)	Sum	(%)
Decisions Made by Individuals	Creative Economic Sector	64	0,49	64	0,49	-	-
	Tourism Sector	69	0,53	-	-	69	0,53

Variable	Description	Both		Creative Economic Sector		Tourism Sector	
		Sum	(%)	Sum	(%)	Sum	(%)
Gender	Male	91	0,69	42	0,32	49	0,37
	Female	42	0,32	22	0,17	20	0,15
Education	Diploma or higher	44	0,34	16	0,12	28	0,21
	≤ High School	89	0,68	48	0,37	41	0,31
Legality	Forms of business entities/legal entities: PT (Limited Company), Perum (State-Owned Company), CV (Commanditaire Vennootschap), Foundation, Cooperative, Others	37	0,28	9	0,07	28	0,21
	None	96	0,73	55	0,42	41	0,31
Standardization	Ownership of Business/Product Standards: SNI (National Standard of Indonesia), BPJPH (Halal Product Assurance Agency), Halal, Brand, ISO	59	0,45	29	0,22	30	0,23
	None	74	0,56	35	0,27	39	0,30
Communities	Member of Association/Community	76	0,58	33	0,25	43	0,33
	None	57	0,44	31	0,24	26	0,20
Partnership	Partnership models implemented	64	0,49	33	0,25	31	0,24
	None	69	0,53	31	0,24	38	0,29
Source	The largest proportion of raw material sources from local potential within a single village/sub-district/district/regency	69	0,53	43	0,33	26	0,20
	Others	64	0,49	21	0,16	43	0,33
Competitiveness	Considered to have competitiveness if the largest proportion of sales is to other districts/cities or within other provinces or abroad	95	0,73	35	0,27	60	0,46
	Sales is within the same village/district	38	0,29	29	0,22	9	0,07
Technology1	Use of mechanical/electronic/AI/Digital technology	84	0,64	30	0,23	54	0,41
	Manual/traditional technology	49	0,37	34	0,26	15	0,11
Technology2	Use of internet for business	114	0,87	51	0,39	63	0,48
	None	19	0,15	13	0,10	6	0,05
Financial	Has received/is receiving credit from	18	0,14	8	0,06	10	0,08

Variable	Description	Both		Creative Economic Sector		Tourism Sector	
		Sum	(%)	Sum	(%)	Sum	(%)
Inclusion	financial institutions						
	None	115	0,88	56	0,43	59	0,45
Background1	Business established on personal initiative	113	0,86	51	0,39	62	0,47
	Other/inherited/training	20	0,15	13	0,10	7	0,05
Background2	Business established after training	7	0,05	4	0,03	3	0,02
	Other/inherited/personal initiative	126	0,96	60	0,46	66	0,50
Variable	Description	Creative Economic Sector			Tourism Sector		
		Mean	Min	Max	Mean	Min	Max
Age	Year	42,79	23	67	45,37	23	80
Labour	Number of workers (individual)	4	1	20	12	1	100
Capital	Business capital (Rp. Million/month)	26,6	0	500	1.190	0	1.800
Existence	Years in operation	14	1	46	11	1	121

The analysis results reveal a classification accuracy of 81.95%, indicating that the probit model effectively captures and predicts individual decision-making behavior. This high level of accuracy suggests that the independent variables included in the model are highly relevant in explaining variations in decision-making outcomes. Additionally, the pseudo R-square value of 43.40% signifies a robust level of predictive power for non-linear models like the probit, where such values are typically regarded as strong indicators in binary outcome analyses. The model's robustness is further confirmed by satisfying all underlying assumptions, including the absence of multicollinearity, thus enhancing its overall validity and reliability.

This model not only demonstrates strong statistical robustness but also holds significant practical implications for understanding the key determinants influencing individuals' decisions to participate in the creative economy sector within National Strategic Tourism Areas. The findings provide a solid empirical basis for shaping targeted policy recommendations, particularly in high-potential regions like Magelang Regency. These insights are crucial for advancing strategic interventions that can more effectively harness the creative economy's growth potential within the broader context of regional development.

Table 4. Result of Probit Regression

Variables	Individual Business Decisions (Y)	Marginal Effect	VIF
gen	0.34	0.074	1.26
age	-0.007	-0.001	1.23

Variables	Individual Business Decisions (Y)	Marginal Effect	VIF
educ	0.38	0.083	1.26
lab	-0.024	-0.005	1.38
cap	-3.92e-09***	-8.41e-10	1.19
exist	0.002	0.0004721	1.46
legal	-0.673*	-0.147	1.36
stand	0.015	0.003	1.28
comm	-0.283	-0.062	1.25
part	0.72**	0.157	1.32
res	0.858***	0.187	1.26
compe	-0.688**	-0.150	1.24
tech1	-1.097***	-0.240	1.50
tech2	0.246	0.054	1.62
fin	0.151	0.033	1.16
back1	0.296	0.065	2.17
back2	-0.357	-0.078	1.83
Constant	0.697		
Diagnostic test			
Pseudo r-squared	0.434	Goodness of Fit test (Pearson Chisq.)	107.31 (0.6581)
Chi-square	79.985 (0.000)***	Correctly classified	81.95%
Akaike crit./AIC	140.204	Bayesian crit./BIC	192.230

Notes: *** p < 0.01; ** p <0.05; * p<0.10; (p-value); Y is Creative sector (1) and 0 tourism sector

The probit regression analysis identifies several statistically significant factors influencing individual business decisions within the creative economy. Capital exhibits a significant negative effect, with a coefficient of -3.92e-09 and a marginal effect of -8.41e-10, suggesting that as capital investment increases, the likelihood of pursuing business ventures declines, albeit with a small effect size. Although the effect size is small, it highlights that larger capital requirements may influence business decisions. This finding suggests that higher capital requirements may act as a barrier to entry for potential entrepreneurs. Legality exhibits a significant negative effect, with a coefficient of -0.673 and a marginal effect of -0.147 is that legal requirements or formalization processes act as a deterrent to individuals' decisions to enter the creative economy sector. Competitiveness exerts a significant negative impact, with a coefficient of -0.688 and a marginal effect of -0.150, reflecting that heightened competition reduces the likelihood of starting a business by 15.50%, potentially deterring entrepreneurial efforts in highly competitive environments. Basic technology adoption in production (Tech1) also shows a significant negative relationship, with a coefficient of -1.097 and a marginal effect of -0.240, indicating that the use of basic technology decreases the probability of business engagement by 24.40%. This suggests that reliance on basic technologies may hinder entrepreneurial activity in the creative economy.

On the other hand, Partnership exhibits a significant positive effect, with a coefficient of 0.72 and a marginal effect of 0157, is that partnerships play a crucial role in influencing individuals' decisions to become entrepreneurs in the creative economy sector. This argument highlights that partnerships are a one of key determinant in entrepreneurial decision-making, offering mutual benefits that reduce risks, enhance knowledge sharing, and improve access to markets or financial support. Resource availability significantly bolsters entrepreneurial engagement, with a coefficient of 0.858 and a marginal effect of 0.187, indicating that improved access to resources enhances the probability of entering business by 18.70%. This underscores the crucial role that resource accessibility plays in supporting entrepreneurial initiatives. These results offer critical insights into the key factors shaping entrepreneurial decisions, emphasizing the importance of partnership and resource availability, while also illuminating the constraining effects of capital, legality, competition, and technology adoption on business participation within the creative economy sector.

3.2 Discussion

The probit regression analysis offers a nuanced understanding of the factors shaping entrepreneurial decision-making within the creative economy sector. The results underscore the significant roles of partnership, resource availability, legality, competitiveness, capital, and technology adoption in influencing entrepreneurial engagement. These findings are consistent with the existing literature and emphasize the complex and multifaceted nature of entrepreneurship. The analysis also highlights several factors with negligible effects, offering a comprehensive perspective on the variables affecting entrepreneurial decisions.

Capital also plays a critical role in influencing entrepreneurship. Higher capital requirements significantly reduce the likelihood of engaging in the creative economy sector, consistent with findings from (Boudreaux et al., 2019; Nanda & Rhodes-Kropf, 2013). Their research indicates that steep capital demands act as a formidable barrier to entry, making it more difficult for potential entrepreneurs to initiate new ventures. In the context of creative industries, where substantial upfront investments in technology, equipment, and intellectual property are often required, access to capital becomes a decisive factor in entrepreneurial decision-making. These industries typically demand considerable financial resources, which can be prohibitive for many individuals. As a result, the perceived inaccessibility of necessary capital or the high financial risks involved can significantly deter individuals from pursuing business opportunities in the creative economy.

Capital not only generates immediate economic opportunities but also contributes to the enhancement of multidimensional well-being. In the context of the creative economy, financial capital enables individuals to strengthen their human and social capital, creating a virtuous cycle that enhances their capacity to innovate and contribute to the sector. However, approaches to inclusivity must remain flexible to accommodate diverse forms of value that align with the unique needs of target groups, without limiting their choices (Donovan & Poole, 2014; Schoneveld, 2020).

To overcome these financial obstacles and stimulate entrepreneurship in the creative economy, it is essential to provide robust financial support mechanisms and effective risk

management tools. Policies that facilitate access to grants, low-interest loans, and alternative financing options, such as crowdfunding, can substantially ease the financial burden on aspiring entrepreneurs. Furthermore, the availability of risk mitigation strategies, including specialized insurance products, can help manage potential losses, making the entrepreneurial path more viable. By addressing these financial barriers, individuals are more likely to embark on and succeed in creative business ventures, thereby contributing to the growth and diversification of the creative economy.

Partnerships significantly enhance the likelihood of engagement in the creative sector as opposed to the tourism industry, highlighting the crucial role that collaboration plays in the former. The creative sector often necessitates a diverse array of skills and resources, and partnerships enable businesses to pool ideas, share market access, and utilize resources more effectively. Such collaborations can foster joint innovation, expand market reach, and strengthen the competitive positioning of creative enterprises. Actors within the creative economy are more inclined to engage in these partnership models, whereas tourism actors tend to exhibit the opposite trend (Majdúchová & Barteková, 2020; Setiadi et al., 2021; Varotsis, 2022). These dynamics underscore how partnerships not only drive individual business success in the creative sector but also serve as a catalyst for scaling impactful initiatives, leveraging the combined strengths and networks of involved partners to replicate and expand successful projects and programs (Leal Filho et al., 2024; Masuda et al., 2022; Ordonez-Ponce et al., 2021).

Economic resilience within the creative industry is of paramount importance in addressing the challenges posed by globalization, particularly in the context of national resilience. Creative economy initiatives have facilitated economic diversification, boosted trade, and spurred innovation across various countries and regions, contributing to the revitalization of urban areas in decline, the development and promotion of remote rural regions, and the preservation of cultural and natural heritage (Britto, 2016).

Further findings reveal that legal constraints, such as licensing requirements and formal legal procedures, diminish the likelihood of participation in the creative sector (Fazlagic & Szczepankiewicz, 2020; Remoaldo et al., 2020). This suggests that many creative entrepreneurs may refrain from formalizing their businesses due to a range of factors, including high costs, bureaucratic complexity, or regulatory ambiguity. These legal hurdles can prevent businesses from formally entering the creative sector, particularly if they lack the necessary information or resources to navigate such challenges. The predominance of creative businesses operating without formal legal structures, such as PT, Perum, CV, foundations, cooperatives, or other legal entities, underscores the informal nature of many creative ventures (Hennekam & Bennett, 2017; Tvrdoň & Beivončíková, 2013).

Resource availability also plays a crucial role in entrepreneurial engagement, with greater access to resources significantly increasing the likelihood of business involvement. This finding aligns with studies by (Brixiova & Égert, 2017; Millán et al., 2014), who highlight the importance of access to financial, infrastructural, and informational resources for entrepreneurial success. Their research demonstrates that access to resources alleviates operational constraints and promotes business sustainability. Additionally, Bruton & Lau

(2008) emphasize the role of resource accessibility in enabling entrepreneurship, suggesting that improved access to resources allows entrepreneurs to overcome initial barriers and more effectively pursue business opportunities. This underscores the importance of strategic investments in resource provision, particularly within the creative economy, as individuals are more likely to engage in entrepreneurial ventures when they have the necessary support to sustain their businesses.

Competitiveness exerts a significant negative influence on entrepreneurial decision-making. Recent studies by Dutta & Sobel (2021); Shambaugh et al. (2018); Subrahmanya (2022); Virasa et al. (2022); Vîrjan et al. (2023) highlight how high levels of competition can deter new entrants by amplifying market risks and limiting opportunities for emerging ventures. Intense competitive pressures create substantial barriers to entry, making it more difficult for aspiring entrepreneurs to penetrate the market. These barriers can discourage participation in the creative economy, as potential entrepreneurs perceive the difficulty of entry as too great. To alleviate these challenges, it is crucial to implement supportive measures that promote innovation and reduce entry barriers, thereby fostering a more favorable environment for entrepreneurship within the creative economy sector.

In the realm of individual decision-making within creative economic enterprises, the adoption of technology emerges as a pivotal factor in determining entrepreneurial success (Belmonte et al., 2022; Douglas et al., 2021; Gouvea et al., 2021; Mbukanma & Goswami, 2023; Zelienková, 2022). While basic technology serves as a foundational tool, it frequently lacks the competitive advantages required for substantial entrepreneurial achievements. In contrast, advanced technology enhances operational efficiency and fosters innovation—critical components for success in the creative economy. For those considering entry into this sector, the availability and integration of advanced technological solutions can profoundly influence their decision-making process. The perceived value of sophisticated technology in boosting productivity and fostering innovative approaches can render the prospect of launching a creative business both more appealing and feasible. As a result, technology becomes a central consideration when individuals assess the potential of establishing a creative enterprise. The ability to harness advanced technological tools not only simplifies operations but also opens new creative avenues and provides a competitive edge. This underscores the importance of promoting access to and the adoption of cutting-edge technology within the creative economy (Centárová, 2020; Development, 2024; Trade, 2022). By ensuring that aspiring entrepreneurs have the resources to leverage advanced technologies, policymakers and industry leaders can stimulate a more dynamic and successful creative sector, ultimately shaping individuals' decisions to pursue entrepreneurial opportunities in this domain.

In addition to the significant variables identified, this study also examined factors that did not exhibit a statistically significant impact on entrepreneurial decisions. Contrary to some prior research suggesting that age influences entrepreneurship through experience or risk tolerance (Kallas & Parts, 2021; Zenebe et al., 2018), this study found that age does not affect entrepreneurial engagement within the creative economy sector. This finding suggests that age may not be a decisive factor in determining business initiation in this context.

Similarly, labor and financial inclusion, despite being highlighted in other studies as key components of entrepreneurial activity (Azoulay et al., 2020; Hincapié, 2020), showed no significant effect on entrepreneurial decisions within this sector. The lack of significance implies that labor market conditions and financial access may not be as critical in the creative economy. Additional variables—such as education, standardization, community involvement, partnerships, and source or background—also demonstrated no significant effects. This indicates that, while these factors may influence entrepreneurship in other sectors, they do not strongly impact decision-making within the creative economy according to this study's results. These findings offer a nuanced understanding of the determinants of entrepreneurship, illustrating that not all commonly assumed factors hold uniform influence across different economic contexts.

In summary, this study highlights the complex nature of entrepreneurial decision-making. Factors such as partnership, resource availability, and the adoption of advanced technology positively influence entrepreneurial engagement, while competitiveness, capital investment, and reliance on basic technology can act as deterrents. These results align with existing literature and underscore the need for targeted policies and support mechanisms to address these critical factors, thereby fostering a conducive environment for entrepreneurship within the creative economy sector.

4. CONCLUSIONS

This study offers a comprehensive analysis of the factors shaping entrepreneurial decision-making within the creative economy sector, providing valuable insights for both scholars and practitioners. The findings emphasize partnership and resource availability as critical enablers of entrepreneurship. Partnership and improved access to resources significantly increase the likelihood of entrepreneurial engagement, underscoring their vital roles in supporting new business ventures. On the other hand, legality, competitiveness, technology and capital emerge as substantial deterrents, with heightened competitive pressures and significant capital serving as barriers to entry, discouraging potential entrepreneurs. Furthermore, the study indicates that variables such as age, labor, education, institutional and financial inclusion do not exhibit a statistically significant impact on entrepreneurial decisions within the creative economy. This finding challenges conventional assumptions and suggests that these factors may be less influential in this particular context, offering a revised perspective on their role in entrepreneurship.

The findings contribute to a deeper understanding of entrepreneurial decision-making and offer actionable recommendations for policy and practice. To foster entrepreneurship in the creative economy, the study recommends strengthening partnership initiatives, improving access to resources, and encouraging the adoption of advanced technologies, while also addressing barriers related to legality, competitiveness and capital investment. The Integrated Business Service Center (PLUT-KUMKM) of Magelang Regency in Indonesia has successfully facilitated business licensing for MSME actors, provided technical guidance, partnership and enhanced and mentored entrepreneurial capacity through training programs and collaborations with universities, such as digital capacity building and

marketing programs for creative MSMEs. In doing so, the research enriches the existing literature on entrepreneurship by providing practical insights and proposing strategies for cultivating a more supportive entrepreneurial ecosystem.

The limitations of our study include the availability of data for analysis at a broader regional level and challenges in controlling intern variables from individuals that may influence the research outcomes. Future research should investigate how context-specific factors, such as regional economic conditions or industry characteristics, influence entrepreneurial decisions within the creative economy. Longitudinal studies could offer valuable insights into how these determinants evolve over time and affect entrepreneurial engagement. Additionally, examining specific sub-sectors within the creative economy may reveal unique challenges and opportunities. Assessing the effectiveness of targeted policy interventions could provide practical guidance for addressing barriers like high capital requirements and competitive pressures. Comparative studies across different countries could also shed light on both global and localized variations in entrepreneurial determinants. Finally, exploring the impact of emerging technologies, such as artificial intelligence and blockchain, on entrepreneurship could enhance our understanding of how these innovations are shaping business formation and success.

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