

## ABSTRACT

*Developmental disparity across regencies and cities remains a primary hurdle in realizing inclusive economic growth. This phenomenon is evident in Central Java Province, which recorded an average regional disparity level of 0.643 based on the Williamson Index during the 2019–2023 study period. Given that Central Java's economic structure is predominantly driven by the manufacturing sector, the industrial sector is posited to play a crucial role in shaping regional development inequality. Therefore, this research aims to analyze the impact of the industrial sector on regional disparity across the regencies and cities of Central Java Province from 2019 to 2023.*

*The analytical method employed is panel data regression, specifically utilizing the Random Effect Model (REM) across 35 regencies and cities over a five-year timeframe. The core variables used to represent and measure industrial sector conditions include the Industrial base sector, number of industrial units, and industrial workforce. In addition, this study also added several control variables, namely total district/city investment, which includes foreign investment (PMA) and domestic investment (PMDN), and population density.*

*The empirical findings reveal that both the Location Quotient (LQ) and the number of industrial units exert a negative and significant influence on the Williamson Index, signifying that a stronger industrial base and an increased quantity of industrial units are effective in mitigating regional disparities. Conversely, industrial labor had a positive and significant impact, indicating that the quantity of industrial labor alone is insufficient to reduce regional inequality. Overall, these results confirm that industrialization policies need to be directed at equitable distribution of industrial units to create a more balanced regional development.*

**Keywords:** *Regional Disparity, Industrial Sector, Williamson Index Industrial base sector, Panel Data Regression*