

Analysis of Leading Sectors and Their Role in Income Inequality in Bandung Regency

Dery Majid Muhadzdzib¹, Tete Saepudin², Junastio Andika Putra³, Gugum Mukdas Sudarjah⁴

derymhdzzzz@gmail.com¹, t_saepudin@unpas.ac.id², junastioandikaputra@gmail.com³,
gugummukdassudarjah@unpas.ac.id⁴

Economics Department, Faculty of Economics and Business, Universitas Pasundan, Bandung, Indonesia¹²³⁴

Abstract. The use of leading economic sectors in Bandung Regency has not been optimal for the inequality level that occurs in the community. It causes several problems with development planning so that it is counter productive to the essence of autonomy. This study aims to analyze which sectors are the leading sectors in Bandung Regency; and analyze its role in the level of income inequality in Bandung Regency. The method study uses a descriptive analysis with the location quotient approach for leading sector and a verifiable analysis. We use time-series data to determine the leading sector role on the level of income inequality in Bandung Regency. The results of the study show that the Mining and Quarrying Sector has a negative and insignificant effect on the income inequality level in Bandung Regency and the Corporate Services Sector has a negative and significant influence on the income inequality level in Bandung Regency.

Keywords: Leading Sectors, Location Quotient, and Income Inequality

1. Introduction

Development is a planned effort carried out to make changes with the aim of improving people's living standards, improving welfare, and improving human quality. Basically, development is a multidimensional process that involves changes in the social structure of a society. The formulation of policies in supporting appropriate and accommodative regional development based on their potential will also affect a series of mutually integrated economic activities. Through economic development planning, a region can be reviewed as a whole as an economic unit (*economic entry*) in which there are various elements that interact with each other [1].

Every region in Indonesia, including the Bandung Regency area, is inseparable from its contribution to the process of accelerating economic development as one of the factors that supports the success rate of the Indonesia economy. In an effort to build economic growth in Bandung Regency, one of them is by utilizing superior sectors, so that it will create higher added value to the economy in Bandung Regency. The existence of a leading sector in an area is closely related to the goal of realizing economic growth. The superior sector is a field that masters the

advantages comparatively so that it contributes to accelerating regional development and economic growth, sectors that have greater advantages will be able to develop faster [2].

The economic structure in Bandung Regency has diverse characteristics, this is due to economic transformation that shows a shift in the economic structure that is more diverse and industry-oriented. Based on BPS data from Bandung Regency in 2016, there has been a change in the economic structure in Bandung Regency where initially the area with the highest production in the Agriculture, Forestry, and Fisheries Sector shifted to the highest production in the Industrial Sector. There are two factors that cause changes in the economic structure of internal conditions including: ecological, land ownership is getting narrower, economic pressure, low level of education and skills, while external factors are influenced by agents of change, government attention, and the development of the tourism sector [3].

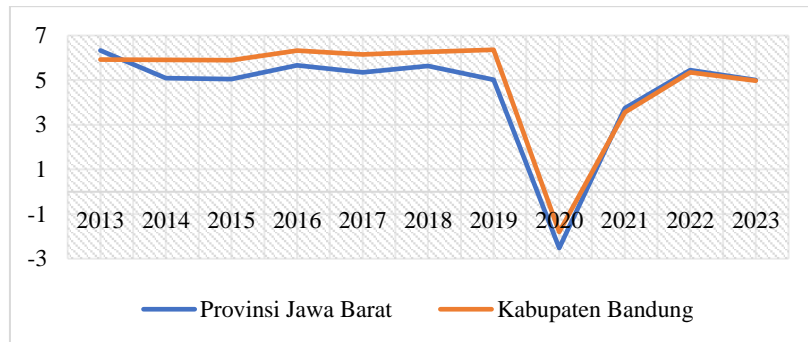


Fig. 1. Economic Growth Rate of West Java Province and Bandung Regency in 2013-2023

Based on the data above, the economic growth rate in Bandung Regency has a better growth trend when compared to the provincial level. Although economic growth in Bandung Regency has a fairly positive growth trend from the provincial level, it turns out that economic growth in Bandung Regency has slowed down. This has an impact on the distribution of people's income which is still limited, especially to the 40 percent of the population with the lowest income. The population in this low-income group is very vulnerable to changes in the economic climate in an area [4]. The phenomenon in dealing with the problem of income distribution inequality until now has become a fairly complex work of the Bandung Regency government. Income distribution inequality itself is a problem of income difference between the people with the lowest income and the highest income or the developed regions and the backward areas [5].

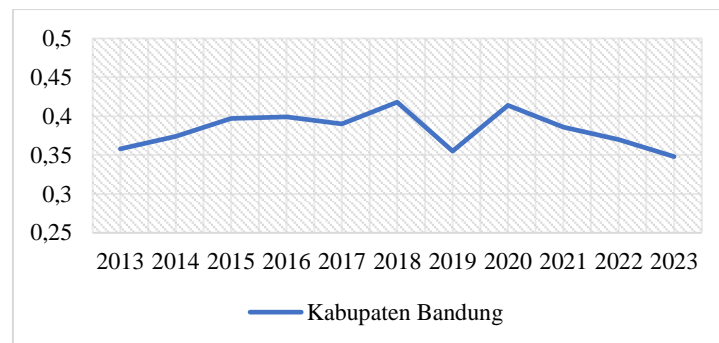


Fig. 2. Inequality in Bandung Regency Income Distribution in 2013-2023

Based on the data above, the level of income distribution inequality in Bandung Regency has a growth trend that fluctuates quite every year. Even so, the level of income distribution inequality in Bandung Regency before and after the Covid-19 pandemic has decreased. The acquisition of this statistical data indicates several problems that are being faced by the local government of Bandung Regency, especially related to the level of inequality in income distribution which if not overcome will have the potential to cause new problems, namely the poverty rate which increases with the increase in the number of unemployed. Problems related to income equality have a correlation with efforts to reduce poverty, in addition to reductions related to income inequality due to the reduction of unemployment and poverty rates [6].

At this time, the local government of Bandung Regency faces the problem of development planning that is counterproductive to the essence of autonomy. The lack of optimal quality regional development planning can be indicated by several facts, including: First, the government governance and data management of Bandung Regency are still not optimal. The less optimal role and function of the local government of Bandung Regency has a real impact on several aspects such as the increase in social problems that cause the poverty and unemployment rates to increase [7], [8]. This is due to the inability of local governments to carry out community empowerment so that social instability occurs and community participation in the development planning process decreases, resulting in programs that are not on target.

Second, the high level of poverty and unemployment due to the inequality of income distribution in the community with the lowest 40 percent income category [9]. The inequality in income distribution that occurs needs to be a serious concern for the local government of Bandung Regency, because the high inequality that occurs in the community will affect the welfare of the community as a whole. This can be reflected in the condition of income distribution in the people of Bandung Regency which is not evenly distributed, even now Bandung Regency is facing the problem of low quality of human resources due to inequality in income distribution. This situation occurs because it is difficult for people with the lowest 40 percent income to access both facilities and facilities related to education and health.

Third, economic growth that has slowed down. The factor that causes the slowdown in economic growth is the less optimal contribution of each sector to the economy in Bandung Regency. At this time, the economic growth rate of Bandung Regency is supported by one sector, namely the Industrial Sector where more than half of the GDP obtained is generated by the Industrial Sector. This is due to the policies of the local government of Bandung Regency which

strongly support the growth of the Industrial Sector such as space utilization policies and large-scale industrial development plans. From 2012 to 2019, the number of forest land decreased by 11,823.96 ha and building land increased by 28.37 ha. The result of this is that it causes environmental problems, causes diseases in the community, and also causes economic disruption in a region [10]. One of the problems related to the reduction of green land in Bandung Regency is the shift of productive land for the Agriculture, Forestry, and Fisheries Sectors, resulting in the lack of community food security and the vulnerability of regional food availability.

Based on some of the problems that have been described above, Bandung Regency has potential that has not been utilized to the fullest. There is a contradiction between the leading sectors and their role in the level of income inequality of the community as well as the role and function of the government in the policies made. So that what can be done is to maximize the role of all leading sectors to encourage the economy in Bandung Regency by making policies that support the development of these sectors. In addition, institutions responsible for the planning and implementation of regional development in Bandung Regency need to explore knowledge and understanding related to the potentials possessed by Bandung Regency. With this knowledge, it is hoped that it can encourage the role of the leading sector and maximize its role in the level of income inequality in the community in Bandung Regency.

Realizing the importance of the role and function of the local government of Bandung Regency in realizing the maximum role of the superior sector in the distribution of income of the people of Bandung Regency. Therefore, this research is based on the strategic issues of Bandung Regency and questions about how to maximize the role of the superior sector in the inequality of income distribution in the people of Bandung Regency. Therefore, the objectives to be achieved in this study are: 1) Conducting an analysis of which sectors are the leading sectors in Bandung Regency; and 2) What is the role of the leading sector in the distribution of income of the people of Bandung Regency.

2. Literature Review

In this study, the relevant theory to be used in supporting the theory to strengthen the arguments and findings of the research is the Income Distribution Theory. One of them is the income distribution theory proposed by Nicholas Kaldor, Kidor that the more uneven the income distribution pattern, the higher the rate of economic growth. This is because rich people have a higher savings ratio than poor people, thus increasing the aggregate savings rate followed by increased investment and economic growth [11].

Table 1. Literature Review

Researchers	Heading	Method	Similarities and Differences	Result
M. Silahul Mu'min and Misbahol Yaqin, 2024	Identifying the Role of Leading Sectors in Inclusive Growth: An Empirical Study from Riau Islands Province	Panel Data Regression Analysis	Equation: This study analyzes the role of leading sectors in inclusive economic growth (inequality, poverty, and unemployment).	The results of the study show that the Processing Industry Sector, Construction Sector, and Mining and Quarrying Sector have an influence on inclusive economic growth (inequality,

Researchers	Heading	Method	Similarities and Differences	Result
			Difference: In determining the superior sectors in this study, no analytical tests were carried out to determine the superior sectors.	poverty, and unemployment) in Riau Islands Province.
Anthoni Mayes and Yusni Maulida, 2019	Analysis of Riau's Economic Drivers and Alternative Leading Sectors of Riau Province	Analysis of Location Quotient and Klassen Typology	Equation: This study uses the location quotient method to analyze the leading sectors. Difference: No further analysis was carried out regarding the role of the flagship sector.	The results of the LQ analysis show the Mining and Quarrying Sector; Agriculture, Forestry and Fisheries Sector; and the Processing Industry Sector as the base sector. The results of the classification typology analysis show that the Agriculture, Forestry and Fisheries Sectors; and the Processing Industry Sector as an advanced and fast-growing sector.
Frederic Wiston Nalle, 2018	Analysis of Inclusive Economic Growth in North Central Timor Regency	Klassen Typology Analysis	Equation: This research has the same goal of conducting an analysis of the leading sectors. Differences: Different analysis methods are quantitative and qualitative descriptive analysis.	The results of the analysis show that the Agriculture, Forestry, and Fisheries Sector is a leading sector. It is indicated that the Agriculture, Forestry, and Fisheries Sectors affect inclusive economic growth in TTU Regency.
Anggiat Mugabe Damanik, 2018	Factors Affecting Income Inequality Through Economic Growth in Jambi Province	Path Analysis	Equation: This study intends to look for factors that affect the level of income inequality. Difference: The use of different bound variables.	The large population has an influence on the level of income inequality in Jambi Province.

3. Method

This research was carried out in Bandung Regency, this selection was based on the development planning process that has not run optimally. The data used in this study is secondary data obtained from other parties. Secondary data used is in the form of literature data or

documentation in the form of reports that have been available. In this study, data was obtained from the website of the Central Statistics Agency of Bandung Regency (bandungkab.bps.go.id) and also the official website of the Bandung Regency government (bandungkab.go.id). The data used starts from 2013 to 2023. The method used is descriptive and verifiable method with a quantitative approach, this research method aims to describe whether the existing facts are true or not and explain the relationship between the variables studied.

The method used for descriptive analysis is Location Quotient (LQ) analysis aimed at calculating and determining which sectors are the leading sectors in Bandung Regency. Location quotient is a comparison of the magnitude of the role of a sector/industry in a region to the magnitude of the role of the sector/industry nationally [11]. As for being able to determine the LQ value, you can use the following formula:

$$LQ = \frac{X_{ij}/X_j}{Y_i/Y}$$

If the LQ value > 1.00, the sector is a base sector, because it has a production amount that exceeds the consumption needs in its region and allows it to export to other regions. If the LQ value = 1.00, then the sector is a non-base sector, because it is only able to meet consumption in its region and it is not possible to carry out export activities to other regions. If the LQ value < 1.00, then the sector is a non-base sector, because it cannot meet consumption in its region even in meeting its consumption needs by importing from other regions.

The analysis method used in the verifiable analysis is a time series data regression analysis technique, to assess how the influence of leading sectors on the level of income inequality in Bandung Regency from 2013 to 2023 [12], [13].

Table 2. Operational Definition

Types of Variables	Variable Name	Variable Definition	Size
Dependent	Income Inequality Rate (GR)	Income distribution inequality can be seen from the Gini ratio of a country/region in a period.	Gini Ratio Index/Year
Independent	Agriculture, Forestry, and Fisheries Sector (XA)	Sectors that include food crops, horticulture, plantations, livestock, agriculture, forest management, and cultivation.	Percent/Year
Independent	Mining and Quarrying Sector (XB)	A sector that includes exploration and extraction activities of natural resources from under the earth's surface.	Percent/Year
Independent	Processing Industry (XC) Sector	A sector that includes the process of transforming raw materials into finished or semi-finished products.	Percent/Year
Independent	Corporate Services Sector (XMN)	Sectors that include services provided to support the business activities and operations of other companies.	Percent/Year
Independent	Education Services Sector (XP)	Sectors that include activities related to the implementation of formal and	Percent/Year

		non-formal education organized by the state and the private sector.
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The regression equation of the time series data to be obtained is as follows:

$$GR = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + \beta_{11} X_{11} + \beta_{12} X_{12} + \beta_{13} X_{13} + \beta_{14} X_{14} + \beta_{15} X_{15} + \beta_{16} X_{16} + \beta_{17} X_{17} + \beta_{18} X_{18} + \beta_{19} X_{19} + \beta_{20} X_{20} + \beta_{21} X_{21} + \beta_{22} X_{22} + \beta_{23} X_{23} + \beta_{24} X_{24} + \beta_{25} X_{25} + \beta_{26} X_{26} + \beta_{27} X_{27} + \beta_{28} X_{28} + \beta_{29} X_{29} + \beta_{30} X_{30} + \beta_{31} X_{31} + \beta_{32} X_{32} + \beta_{33} X_{33} + \beta_{34} X_{34} + \beta_{35} X_{35} + \beta_{36} X_{36} + \beta_{37} X_{37} + \beta_{38} X_{38} + \beta_{39} X_{39} + \beta_{40} X_{40} + \beta_{41} X_{41} + \beta_{42} X_{42} + \beta_{43} X_{43} + \beta_{44} X_{44} + \beta_{45} X_{45} + \beta_{46} X_{46} + \beta_{47} X_{47} + \beta_{48} X_{48} + \beta_{49} X_{49} + \beta_{50} X_{50} + \beta_{51} X_{51} + \beta_{52} X_{52} + \beta_{53} X_{53} + \beta_{54} X_{54} + \beta_{55} X_{55} + \beta_{56} X_{56} + \beta_{57} X_{57} + \beta_{58} X_{58} + \beta_{59} X_{59} + \beta_{60} X_{60} + \beta_{61} X_{61} + \beta_{62} X_{62} + \beta_{63} X_{63} + \beta_{64} X_{64} + \beta_{65} X_{65} + \beta_{66} X_{66} + \beta_{67} X_{67} + \beta_{68} X_{68} + \beta_{69} X_{69} + \beta_{70} X_{70} + \beta_{71} X_{71} + \beta_{72} X_{72} + \beta_{73} X_{73} + \beta_{74} X_{74} + \beta_{75} X_{75} + \beta_{76} X_{76} + \beta_{77} X_{77} + \beta_{78} X_{78} + \beta_{79} X_{79} + \beta_{80} X_{80} + \beta_{81} X_{81} + \beta_{82} X_{82} + \beta_{83} X_{83} + \beta_{84} X_{84} + \beta_{85} X_{85} + \beta_{86} X_{86} + \beta_{87} X_{87} + \beta_{88} X_{88} + \beta_{89} X_{89} + \beta_{90} X_{90} + \beta_{91} X_{91} + \beta_{92} X_{92} + \beta_{93} X_{93} + \beta_{94} X_{94} + \beta_{95} X_{95} + \beta_{96} X_{96} + \beta_{97} X_{97} + \beta_{98} X_{98} + \beta_{99} X_{99} + \beta_{100} X_{100} + \varepsilon \quad (1)$$

Information:

GR = Income Inequality Rate

β_0 = Constant

$\beta_1, \beta_2, \beta_3$ = Coefficients of each independent variable

X_1, X_2, X_3 = Featured Sectors

ε = Error

4. Results and Discussion

4.1. Featured Sectors

Based on the results of data processing using the Location Quotient (LQ) method from 2013 to 2023, broadly speaking, there are 5 sectors that show an average LQ value of > 1.00. The calculation of the LQ value of each sector in Bandung Regency can be seen through the following table:

Table 3. LQ Value of Each Sector in Bandung Regency

No.	Business Field	Bandung Regency											Average
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
1.	Agriculture, Forestry, and Fisheries	0,99	0,96	0,98	11,54	0,11	0,98	0,96	0,93	0,94	0,89	0,91	1,84
2.	Mining and Quarrying	1,04	1,00	1,03	0,14	1,21	1,24	1,24	1,29	1,30	1,27	1,27	1,09
3.	Processing Industry	1,16	1,17	1,17	0,14	1,26	1,18	1,22	1,23	1,22	1,22	1,21	1,11
4.	Electricity and Gas Procurement	0,27	0,26	0,27	0,03	0,35	0,32	0,32	0,33	0,30	0,28	0,29	0,27
5.	Water Procurement, Waste Management, Waste, and Recycling	0,47	0,45	0,44	0,05	0,45	0,43	0,43	0,42	0,42	0,42	0,41	0,40
6.	Construction	0,76	0,78	0,78	0,10	0,87	0,81	0,79	0,84	0,80	0,82	0,83	0,74
7.	Wholesale and Retail Trade, Car and Motorcycle Repair	0,88	0,89	0,90	0,11	0,97	0,90	0,83	0,86	0,89	0,89	0,91	0,82
8.	Transportation and Warehousing	0,80	0,82	0,80	0,09	0,83	0,76	0,74	0,74	0,72	0,72	0,73	0,71
9.	Provision of Accommodation and Meals	1,01	0,99	0,98	0,11	0,99	0,91	0,90	0,91	0,92	0,87	0,89	0,86
10.	Information and Communication	0,58	0,57	0,57	0,07	0,61	0,56	0,56	0,52	0,53	0,53	0,53	0,51
11.	Financial Services and Insurance	0,30	0,29	0,29	0,03	0,31	0,29	0,28	0,29	0,29	0,29	0,29	0,27
12.	Real Estate	1,02	1,02	1,03	0,13	1,12	1,05	1,04	1,01	1,02	1,03	1,05	0,96
13.	Corporate Services	1,14	1,11	1,10	0,13	1,17	1,08	1,07	1,11	1,12	1,07	1,10	1,02
14.	Government, Defense and Compulsory Social Security Administration	1,07	1,10	1,09	0,13	1,11	1,03	1,00	1,00	1,00	1,02	1,02	0,96
15.	Educational Services	1,24	1,17	1,14	0,14	1,19	1,11	1,11	1,08	1,13	1,12	1,15	1,05
16.	Health Services and Social Activities	1,13	1,05	1,01	0,12	1,12	1,04	1,03	1,04	1,01	1,05	1,13	0,98
17.	Other Services	1,10	1,06	0,99	0,12	1,03	0,96	0,94	0,95	0,96	0,94	0,97	0,91

Source: Data Processing, 2024

Based on the table above, the business sector that has an average LQ value of > 1.00 is as follows: 1) Agriculture, Forestry, and Fisheries Sector; 2) Mining and Quarrying Sector; 3) Processing Industry Sector; 4) Corporate Services Sector; and 5) Education Services Sector. These

sectors are base sectors that have a production amount exceeding the consumption needs in the area, making it possible to export or sell goods to other regions. These sectors will then be subjected to a time series data regression test to see how it affects the level of income inequality in Bandung Regency.

4.2. The Influence of Leading Sectors on Income Inequality

Table 4. Result of Regression Analysis

Variable	Coefficient	t-Statistic	Prob.
GR	0.420865	0.560295	0.5995
XA	0.012681	0.525952	0.6214
XB	-0.070923	-1.707503	0.1484
XC	0.005690	0.530711	0.6183
XMN	-0.524724	-2.948854	0.0319
XP	-0.020705	-0.399143	0.7063
Adjusted R-Squared			0.430021
F-Statistics			2.508901
Prob(F-statistic)			0.167778

Source: Data Processing, 2024

The R-Squared value obtained by the model is 0.430021 or 43 percent, meaning that the independent variable is able to explain the diversity of dependent variables by 43 percent and the remaining 57 percent is influenced by the model outside the study or *ceteris paribus*. Based on the results of the regression analysis of time series data, the following model equations are obtained:

$$Y = 0.420865 + 0.012681XA - 0.070923XB + 0.005690XC - 0.524724XMN - 0.020705XP$$

Based on the analysis of time series data, it can be concluded that there are leading sectors that have an influence on the level of income inequality in Bandung Regency, namely the Mining and Quarrying Sector and the Corporate Services Sector. Based on the table above, the XB variable (Mining and Quarrying Sector) has a t-Statistic value of [-1.707503] > a t-Table value of [-1.67655] with a negative coefficient value and a probability value of [0.6183] < 0.05, it can be concluded that the Mining and Quarrying Sector has a negative and insignificant influence on the level of income inequality in Bandung Regency.

Then, the XMN variable (Corporate Services Sector) has a t-Statistic value of [-2.948854] > a t-Table value [-1.67655] with a negative coefficient value and a probability value of [0.0319] < 0.05, it can be concluded that the Corporate Services Sector has a negative and significant influence on the level of income inequality in Bandung Regency. Meanwhile, the other three variables have no influence on the level of income inequality that occurs in Bandung Regency.

Table 5. Multicollinearity Test Results (VIF Test)

Variable	Centered VIF	VIF Value Limit
C	NA	-
XA	6.883771	< 10.00 a.m.
XB	5.820385	< 10.00 a.m.
XC	4.148010	< 10.00 a.m.

XMN	1.490679	< 10.00 a.m.
P	8.251794	< 10.00 a.m.

Source: Data Processing, 2024

Based on the results obtained in table 4 of data processing using the help of Eviews 12, it is obtained that each independent variable has a VIF value of < 10.00. Therefore, it can be concluded that the assumption of the multicollinearity test has been fulfilled because there is no multicollinearity.

Table 6. Heteroscedasticity Test Results (White Test)

F-statistic	2.853943	Prob. F(14,5)	0.1264
Obs*R-squared	17.77556	Prob. Just Square(14)	0.2171
Scaled explained SS	14.32718	Prob. Just Square(14)	0.4256

Source: Data Processing, 2024

Based on the results obtained in table 6 of data processing using the help of eviews 12, showing the Probability value of Obs*R-Square of 0.2171 where $0.2171 > 0.05$, it can be concluded that the heteroscedasticity test has been met.

Table 7. Autocorrelation Test Results (LM Test)

F-statistic	1.189819	Prob. F(2,3)	0.4164
Obs*R-squared	4.865758	Prob. Just Square(2)	0.0878

Source: Data Processing, 2024

Based on the results obtained in table 7 of data processing using the help of eviews 12, showing the probability value of Obs*R-Squared 0.0878 where $0.0878 > 0.05$, it can be concluded that the autocorrelation assumption test has been met.

5. Discussion

The leading sector is a sector that has a relatively large role in spurring economic growth goals [14]. The results of the study show that the Agriculture, Forestry, and Fisheries Sector, Mining and Quarrying Sector, Processing Industry Sector, Corporate Services Sector, and Education Services Sector are the base or flagship sectors in Bandung Regency which are shown by an average LQ value of > 1.00 . The leading sector is considered a sector that has a competitive and comparative advantage [15]. This is reflected in the 2010 GDP Per Constant Price published by the Central Statistics Agency of Bandung Regency, where the five sectors show GDP growth every year even during the COVID-19 pandemic when other sectors are experiencing instability.

Leading sectors in Bandung Regency based on the results of LQ calculations make a major contribution to the Gross Regional Domestic Product (GDP) of Bandung Regency. The agricultural sector is a flagship in Bandung Regency because most of the land area is used as an agricultural cultivation area. The agricultural sector that is the flagship is horticulture (including vegetables and fruits) [16]. Based on the results of the input-output analysis in Bandung Regency, the growth of the Mining and Quarrying Sector and its contribution will be influenced by other sectors [17]. Industrialization can increase people's employment opportunities and physical production, which in turn can expand economic opportunities for society [10]. The development of technology and innovation encourages the growth of the Corporate Services Sector in Bandung Regency, Corporate services are one of the important components in the economic structure of

Bandung Regency. The number of schools every year has increased in Bandung Regency, which indicates that the income obtained by the Education Services Sector has increased every year according to data available at the Bandung Regency Education Office.

Based on the coefficient value obtained, the Mining and Quarrying Sector and the Corporate Services Sector have a negative influence on the level of income inequality in Bandung Regency. This means that if there is an increase of one unit in the two sectors, the level of inequality will decrease by one unit. This is in line with research conducted by M. Silahul Mu'min and Misbahol Yaqin (2024) that the Mining and Quarrying Sector has a significant influence on the level of inequality in the Riau Islands Province [15]. The research conducted by Herika Sofia Putri and Anugerah Karta Monika (2022) stated that structural changes that occurred in the growth of the service sector significantly affected the level of income distribution inequality in West Java Province [18].

6. Conclusion

Based on the *location quotient* (LQ) analysis method to determine the base or superior sector, the following results were obtained: 1) Agriculture, Forestry, and Fisheries Sector; 2) Mining and Quarrying Sector; 3) Processing Industry Sector; 4) Corporate Services Sector; and 5) Education Services Sector. This is shown by the acquisition of an average LQ value of > 1.00 so that it can be concluded that these sectors can meet the needs of the community in the region and are able to carry out exports in other regions.

First, the Mining and Quarrying Sector and the Corporate Services Sector have a negative and insignificant influence on the level of inequality in Bandung Regency. Second, the Corporate Services Sector has a negative and significant influence on the level of inequality in Bandung Regency. So, it can be concluded that if the two sectors increase by one unit, the level of income inequality in Bandung Regency will decrease by one unit. Meanwhile, the other three sectors have no influence on the level of income inequality that occurs in Bandung Regency.

Based on the above conclusions, the researcher provides recommendations in the form of: First, the Bandung Regency Regional Government is expected to be able to manage potential resources effectively and efficiently, in accordance with the essence of regional autonomy to create an independent Bandung Regency and not dependent on the central government. Second, in order to encourage economic growth and reduce the level of income inequality in Bandung Regency, the local government must formulate policies that focus on superior and potential sectors. With policies that encourage superior and potential sectors, it can have an impact on the economy in Bandung Regency at the same time as decreasing the level of income inequality in the community.

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