

## Analysing the Dynamics of Supply Construction Gross Domestic Products in Malaysia: A Comprehensive Study (2015-2023)

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### Abstract

*This research study, set within the context of Malaysia's supply construction sector, serves a dual purpose. Firstly, it provides an in-depth examination of the sector's Gross Domestic Product (GDP) from 2015 to 2023. Secondly, it identifies and analyses the key macroeconomic forces that have shaped this sector over the specified timeframe. The study employs a comprehensive research approach, utilising correlation and regression analysis to scrutinise primary macroeconomic indicators such as exchange rates, base lending rates, and inflation. The data underpinning this research was meticulously gathered from the Department of Statistics Malaysia and Bank Negara Malaysia, both of which provided comprehensive datasets in .csv and Excel formats. Findings reveal that the Base Lending Rate (BLR) significantly impacts Malaysia's supply construction GDP, while exchange rates and inflation rates exert modest or statistically negligible effects. The regression model developed in the study highlights the dominant influence of BLR, positioning it as the most potent predictor among the investigated macroeconomic factors. This research elucidates the complex interplay between macroeconomic data and Malaysia's supply construction sector, emphasising the pivotal role of BLR in shaping the sector's performance and its subsequent impact on the broader economy. Furthermore, the study offers valuable insights for policymakers, industry stakeholders, and future research endeavours, thereby facilitating informed economic decision-making and strategic planning within the construction sector.*

**Keywords:** Supply Construction GDP, Malaysia, Macroeconomic Factors, Base Lending Rate, Economic Development, Construction Sector.

## Introduction

The construction sector is a crucial pillar underpinning the economic fabric of any nation (Alaloul, Musarat, Rabbani, *et al.*, 2021; Asila Jalil, 2022). It is often viewed as a reliable measurement reflecting the state of infrastructure development and overall economic progress (Sukriti, 2020). Within the context of Malaysia, the construction industry has undergone significant growth and transformation in recent years (Kazemi *et al.*, 2023). This research endeavours to deepen our comprehension of the sector, with a particular focus on the supply construction subdomain. To achieve this, the study conducts a comprehensive analysis of the Gross Domestic Product (GDP) of the supply construction sector, scrutinising data from 2015 to 2023.

Despite the wealth of existing literature on various facets of the Malaysian construction industry, several research gaps continue to persist (Chang and Kumar, 2021; Gara *et al.*, 2022). These gaps underscore the significance of undertaking this study:

First, Limited Examination of Supply Construction GDP. One conspicuous gap is the dearth of comprehensive studies addressing the dynamics of supply construction GDP in Malaysia. While the existing body of research delves into the industry's challenges (Dehdasht *et al.*, 2022; Farouk *et al.*, 2023; Waqar *et al.*, 2023), its contributions to the national economy, and the impact of industrialised building systems (IBS) (Mohamad Kamar, Alshawi and Abd Hamid, 2009; Ali *et al.*, 2018; Al-Aidrous *et al.*, 2021; Ismail, 2021; Gunasagaran *et al.*, 2022; Thomas Tarang *et al.*, 2022), it often skirts the issue of the supply construction sector's GDP. This absence of holistic analysis, particularly concerning the sector's relationship with macroeconomic factors, presents a gap that this study aims to address.

Second, Incomplete Macroeconomic Consideration. Previous research endeavours have typically examined the construction sector in isolation or within the confines of a restricted set of macroeconomic factors. This study strives to bridge this gap by adopting a more comprehensive approach. It incorporates a broader array of crucial macroeconomic indicators, which include exchange rates, base lending rates, and Inflation (Farhah Natasha Binti Hashim, 2017; Musarat, Alaloul and Liew, 2021; Correia and Ribeiro, 2022; Outram, 2022; Puci, Demi and Kadiu, 2023). By taking this inclusive stance, the study endeavours to provide a more holistic perspective on the performance of the supply construction sector.

### Research questions and research objectives

These identified research gaps have propelled the formulation of two central research questions (1) What are the key factors influencing the dynamics of the supply construction GDP in Malaysia from 2015 to 2023 and how do these factors interact during this period? And (2) To what extent does the Base Lending Rate (BLR) affect the supply construction GDP in Malaysia and how does its impact compare to the combined influence of the other considered macroeconomic indicators?

To address these research questions and contribute to a more thorough understanding of the supply construction sector in Malaysia, this study endeavours to attain the following objectives (1) To analyse and elucidate the trends, fluctuations, and significant events that have played a role in shaping the supply construction

GDP in Malaysia from 2015 to 2023; (2) To assess the relative influence of the Base Lending Rate (BLR) when juxtaposed with other macroeconomic factors concerning its impact on the supply construction GDP. Furthermore, this study aims to provide valuable insights into the interactions and implications of these factors.

In short, the research discussed here is motivated by the identification of these research gaps, research questions, and research objectives. It strives to contribute to a more profound comprehension of the dynamics of supply construction GDP in Malaysia, a topic that plays a pivotal role in the Malaysian economy. Moreover, the study aspires to provide insights into the intricate relationships between the construction sector and the broader macroeconomic environment, thereby facilitating informed economic decision-making and strategic planning within the construction industry.

## **Literature review**

In the pursuit of understanding the dynamics of the supply construction GDP in Malaysia from 2015 to 2023 and evaluating the extent to which the Base Lending Rate (BLR) affects it in comparison to other macroeconomic indicators, it is vital to delve into the existing body of literature that sheds light on these research questions and objectives.

The Malaysian construction industry has been a subject of extensive research, offering multifaceted insights into the factors influencing its dynamics, particularly in the context of supply construction GDP. Several prominent factors have been recurrent themes in the literature, serving as a foundation for understanding how they interplay within the specified time frame.

First and foremost, the economic climate in Malaysia, coupled with government policies and public investment, has been a significant driver of construction GDP. As acknowledged by Dehdasht et al. (2022), the construction industry's growth is intrinsically linked to the government's infrastructure projects and investments. This factor interacts with the supply construction GDP by shaping the demand for construction services and materials.

Another crucial factor influencing supply construction GDP is the state of the real estate market. 'Construction and Economic Development: The Case of Malaysia' by Chia (2012) highlights those economic conditions, including the real estate market, have a substantial influence on construction activity, and therefore, on GDP. As supply construction is intimately linked with real estate development, fluctuations in this market significantly impact the sector.

Additionally, 'Construction Supply Chain Management Practices in Malaysia' by Zulhumadi et al. (2013) provides insights into the supply chain dynamics within the construction sector, although it does not directly explore the supply construction GDP. Supply chain management is integral to the construction industry, and its effectiveness influences the overall productivity of the sector. Hence, any disruptions or inefficiencies in the construction supply chain can reverberate and impact the GDP dynamics over the study period.

The role of the Base Lending Rate (BLR) in the context of construction GDP has garnered notable attention in existing literature. The research by Chia (2012) and

Dehdasht et al. (2022) alludes to the importance of monetary policy and base lending rates, indirectly emphasising the role of BLR in influencing the construction sector. This notion can be linked to RQ2, as it forms the basis for understanding the extent of BLR's impact on supply construction GDP.

While these studies offer insights into the BLR, additional exploration of the relationships between BLR and other macroeconomic indicators is vital. For instance, exchange rates and inflation rates have been shown to influence the construction sector's performance, as evidenced by the research by Nawi, Lee and Omar (2014). This adds another layer to RQ2, where assessing the relative influence of BLR concerning these indicators will provide a comprehensive view of the macroeconomic landscape.

A Review of Supply Chain Management Issues in Malaysian Industrialised Building System (IBS) Construction Industry and Construction and Economic Development in Malaysia offer novel insights into the broader impact of monetary and macroeconomic factors in the context of RQ2 (Kan, 2017; Abdullah, 2022). Nevertheless, these studies do not explicitly address the extent to which BLR compares to other indicators in influencing supply construction GDP. This research gap underlines the need to comprehensively investigate the combined impact of BLR, exchange rates and inflation rates.

As this study delves into the specific period of 2015 to 2023, these factors, including government policies, real estate dynamics, and the role of BLR, are expected to interact in intricate ways. The literature reviewed provides a foundational understanding but underscores the necessity of a more comprehensive analysis to address the research questions and objectives effectively.

## Research Method

To achieve the research objectives and address the research questions effectively, a rigorous research methodology is paramount. This section outlines the methodology adopted for the study, providing insights into data collection, variables, statistical analyses and the rationale for the chosen approach.

The data for this study was accessed, identified, and prepared through a meticulous process. The primary data source was the Department of Statistics Malaysia (DOSM) and Bank Negara Malaysia, both of which are reputable government agencies known for their comprehensive and reliable datasets (Ubaldi, 2013; Attard *et al.*, 2015; Máchová and Lněnička, 2017).

The identification of the data was based on previous literature (Tan, 2010; Maizura and Rashid, 2017; Musarat, Alaloul and Liew, 2021; Outram, 2022; Çitçi and Kaya, 2023), ensuring that the data selected was relevant and significant to the study. The data was prepared and made available by the Department of Statistics Malaysia and Bank Negara Malaysia in .csv and Excel formats, which are widely used and easily accessible formats for data analysis (BNM, 2023; DOSM, 2023).

The methodological fit for this study is grounded in its comprehensive approach. By incorporating a broad array of macroeconomic indicators, the study provides a holistic perspective on the performance of the supply construction sector (Farhah Natasha Binti Hashim, 2017; Kan, 2017; Abdullah, 2022; Correia and Ribeiro, 2022;

Puci, Demi and Kadiu, 2023). This approach aligns with the study's objective to understand the intricate dynamics and influence of these economic factors on the sector.

The use of robust and pertinent data, along with the integration of crucial macroeconomic indicators, ensures the reliability and validity of the study's findings (Bihani and Patil, 2014; Samuels, 2015; Denis, 2019; Mishra *et al.*, 2019; Frässle and Stephan, 2022; Cole, 2023). This comprehensive approach not only enables a deeper understanding of the sector but also contributes to informed economic decision-making. The study, therefore, serves as a valuable resource for policymakers, researchers, and stakeholders in the construction sector.

## Data Collection

At the core of this study lies the wealth of robust and pertinent data that underpins its investigations. The central focus of this research is the comprehensive examination of the supply construction GDP in Malaysia (measured in Malaysian Ringgit (RM) million), encompassing the period from 2015 to 2023. Key to this endeavour is the utilisation of a rich dataset, primarily sourced from the Department of Statistics Malaysia.

This dataset, curated by the Department of Statistics Malaysia, comprises quarterly figures for supply construction GDP with a reference base year of 2015. This extensive dataset serves as the fundamental bedrock upon which the study is built (Grandhe, Damarla and Mohammad, 2019). It empowers the research to meticulously trace and analyse the trends, fluctuations and notable events that have left their mark on the supply construction GDP throughout the specified time frame.

Furthermore, this study endeavours to enrich its dataset by incorporating crucial macroeconomic indicators. These indicators have been meticulously collected and hold significance in the context of Malaysia's supply construction sector. Three key macroeconomic indicators are under scrutiny.

First, on the Exchange Rate. This metric encapsulates the exchange rate between the Malaysian Ringgit (MYR) and the United States Dollar (USD). This exchange rate is instrumental, serving as a proxy for currency valuation and a reflection of global economic dynamics (Maizura and Rashid, 2017; Çitçi and Kaya, 2023; Goldberg and Krogstrup, 2023). The comparative strength or weakness of the MYR against the USD holds pivotal importance within the broader economic landscape.

Second, the Base Lending Rate. The Base Lending Rate (BLR) is a lynchpin macroeconomic indicator subject to the influence of Malaysia's central bank's monetary policies. It plays a pivotal role in shaping the lending rates within the financial sector. In doing so, the BLR significantly influences economic activities, including borrowing and investment decisions (Tan, 2010).

Third, Inflation factor. Inflation, a specialised inflation measure, filters out the impact of volatile elements such as food and energy prices. This process results in a more stable metric for evaluating general price levels within the economy. The Inflation rate serves as an essential gauge of price stability, which is of paramount importance for economic planning and policy formulation (Maizura and Rashid, 2017; Alaloul, Musarat, Liew, *et al.*, 2021; Çitçi and Kaya, 2023).

In conclusion, the amalgamation of this extensive supply construction GDP dataset and the integration of vital macroeconomic indicators sets the stage for a comprehensive exploration of Malaysia's supply construction sector from 2015 to 2023. This comprehensive approach will enable a deeper understanding of the intricate dynamics and the influence of these economic factors on the sector, yielding valuable insights and contributing to informed economic decision-making.

## Statistical Analyses

At the heart of the analytical approach are two fundamental statistical methods: correlation analysis and regression analysis. These robust techniques constitute the backbone of the study, enabling this to delve deep into the relationships and significance of the chosen macroeconomic indicators concerning the supply construction GDP in Malaysia.

Correlation analysis serves as the first line of investigation. It is designed to meticulously examine the relationships between supply construction GDP and the selected macroeconomic indicators (Senthilnathan, 2019). Specifically, this study will employ the Pearson correlation coefficient, a well-established statistical tool. This coefficient will quantitatively measure the degree and direction of association between supply construction GDP and the macroeconomic indicators under scrutiny. The objective here is to unveil the nature of these relationships and discern whether and how the macroeconomic factors are correlated with the supply construction GDP. These findings will serve as a foundational understanding of the interplay between the construction sector and the broader economic environment.

In parallel with correlation analysis, this study will also incorporate a robust regression model. The model's form will be as follows:

$$\text{Supply Construction GDP} = \beta_0 + \beta_1 X_{\text{Exchange Rate}} + \beta_2 X_{\text{Base Lending Rate}} + \beta_3 X_{\text{Inflation}}$$

Through this regression model, this study endeavours to gain a more comprehensive understanding of the influence of each macroeconomic indicator while controlling for the presence and potential impact of others (Pierce, 2003). This analytical approach allows this study to identify the key driving factors that significantly affect the supply construction GDP. By quantifying the coefficients ( $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ) associated with each macroeconomic factor, this study can gauge their individual contributions to the fluctuations in the supply construction GDP. Additionally, the adjusted R-square, another vital statistical metric, will be employed to evaluate the goodness-of-fit of the model. This metric provides insights into how effectively the chosen macroeconomic indicators collectively explain the variations observed in the supply construction GDP.

The amalgamation of correlation and regression analyses empowers the study to uncover the nuanced relationships between the construction sector, as epitomized by the supply construction GDP, and a spectrum of macroeconomic indicators. These analytical tools will serve as the compass guiding this study through the intricate landscape of economic dynamics, ultimately providing valuable insights into the industry's performance and the driving forces that underpin it.

## Rationale

The selection of quarterly data allows this study to capture short-term fluctuations and trends, which can be especially significant in the construction industry. As this study focuses on a specific period, a time-series analysis is apt for comprehending how factors interact and influence supply construction GDP over time (Alqahtani *et al.*, 2021; Lim and Zohren, 2021; Jastrzebska, 2022; Chiarot and Silvestri, 2023; Olson and Araz, 2023).

The choice of correlation and regression analyses is driven by their ability to unveil relationships and significance levels. Correlation analysis is fundamental for understanding initial associations, while regression analysis offers a more nuanced view of how multiple factors interact and contribute to supply construction GDP (Pierce, 2003; Senthilnathan, 2019). It also allows this study to assess the relative influence of macroeconomic indicators, specifically, the extent to which BLR impacts the sector compared to other factors.

In summary, the research methodology is meticulously designed to explore the research questions and objectives. It leverages a comprehensive dataset and robust statistical analyses to delve into the dynamics of supply construction GDP in Malaysia, providing valuable insights into the influence of key macroeconomic indicators over the study period.

## Results and findings

This section presents the findings of our analysis, followed by a detailed discussion of their implications and significance within the context of our research questions and objectives. The results offer insights into the dynamics of supply construction GDP in Malaysia from 2015 to 2023 and the role of macroeconomic factors.

**Table 1** Result of Correlation

	supply construction	Exchange Rate	Base Lending Rate	Consumer Price Index
supply construction	1			
Exchange Rate	0.0863	1		
Base Lending Rate	0.6303	0.2342	1	
Consumer Price Index	-0.2448	-0.6629	-0.5242	1

The correlation analysis (Table 1) assesses the degree of association between variables, providing initial insights into their relationships. In this context, the following correlations were observed. First, Supply Construction GDP and Exchange Rate. The correlation coefficient of 0.0863 indicates a weak positive relationship between supply construction GDP and the exchange rate. While the correlation is positive, it is limited in strength, suggesting that changes in the exchange rate have a relatively minor positive impact on supply construction GDP. Second, Supply

Construction GDP and Base Lending Rate (BLR) found robust positive correlation of 0.6303 was found between supply construction GDP and BLR. This indicates a significant positive association between BLR and supply construction GDP, implying that changes in BLR strongly impact the supply construction sector's GDP. Third, Supply Construction GDP and Consumer Price Index (CPI). The correlation between supply construction GDP and CPI is moderately negative, with a coefficient of -0.2448. This suggests a weak negative relationship between supply construction GDP and Inflation. While the relationship is negative, it is not strong, signifying that fluctuations in Inflation have a limited negative effect on supply construction GDP.

**Table 2** Result of Regression

<b>SUMMARY OUTPUT</b>								
<i>Regression Statistics</i>								
Multiple R	0.6383							
R Square	0.4074							
Adjusted R Square	0.3482							
Standard Error	1412.1674							
Observations	34							
<b>ANOVA</b>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	3	41134333.24	13711444.41	6.8756	0.0012			
Residual	30	59826506.29	1994216.88					
Total	33	100960839.53						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	-5356.4210	16600.8091	-0.3227	0.7492	-39259.79	28546.95	-39259.79	28546.95
Exchange Rate	638.3123	27020.5007	0.0236	0.9813	-54544.91	55821.53	-54544.91	55821.53
Base Lending Rate	2247.4045	543.9388	4.1317	0.0003	1136.53	3358.27	1136.53	3358.27
Consumer Price Index	45.8385	82.2651	0.5572	0.5815	-122.1692	213.8462	-122.1692	213.8462

The regression analysis (Table 2) provides a more comprehensive understanding of the relationships between the variables. It identifies the extent to which these variables predict changes in supply construction GDP and helps assess their significance. The regression results indicate the following. [1] Multiple R and



R-Square: The multiple R value of 0.6383 signifies a moderate positive relationship between the independent variables (exchange rate, BLR, and CPI) and the supply construction GDP. The R-square value of 0.4074 indicates that approximately 40.74% of the variance in supply construction GDP can be explained by the independent variables included in the model. This implies that the model accounts for a substantial portion of the variations in supply construction GDP. [2] ANOVA: The analysis of variance (ANOVA) table reveals that the regression model is statistically significant ( $F = 6.8756$ ,  $p\text{-value} = 0.0012$ ), indicating that at least one of the independent variables significantly predicts changes in supply construction GDP. The F-statistic measures the overall fit of the model, and the small p-value suggests the model's statistical significance. [3] Regression Coefficients: The coefficients of the independent variables provide insights into their impact on supply construction GDP. Notably, the BLR coefficient is 2247.4045, with a low p-value (0.0003), indicating that it is statistically significant. This implies that BLR significantly affects supply construction GDP. In contrast, the coefficients for the exchange rate (638.3123) and CPI (45.8385) are both accompanied by high p-values (0.9813 and 0.5815, respectively), rendering them statistically insignificant in predicting supply construction GDP.

In summary, the results of the correlation and regression analyses underscore the substantial influence of the Base Lending Rate (BLR) on Malaysia's supply construction GDP from 2015 to 2023. While the exchange rate and consumer price index exhibit relationships with supply construction GDP, these relationships are weaker and statistically insignificant. This information is pivotal for economic decision-makers and industry stakeholders, as it highlights the significance of monetary policy, particularly the BLR, in shaping the performance of the supply construction sector in Malaysia.

## Discussion

The findings of this study shed light on the intricate relationships between key macroeconomic indicators and the supply construction Gross Domestic Product (GDP) in Malaysia from 2015 to 2023. These results offer critical insights into the dynamics of the construction sector within the Malaysian economic landscape.

One of the most prominent findings of this study is the dominance of the Base Lending Rate (BLR) in influencing supply construction GDP. The robust positive correlation between BLR and supply construction GDP, along with the statistically significant regression coefficient for BLR, underscores the substantial impact of changes in BLR on the performance of the supply construction sector (Hanh *et al.*, 2020; Barbiero, Schepens and Sigaux, 2022; Nguyen *et al.*, 2023). This is a critical revelation, as it highlights the significance of monetary policy, particularly lending rates, in shaping the economic landscape of the construction industry in Malaysia. The BLR serves as a powerful driver, with variations in lending rates significantly impacting the ability and propensity of businesses and individuals to invest in construction projects. Therefore, policymakers and industry stakeholders need to closely monitor and manage BLR fluctuations to maintain a stable and robust construction sector.

In contrast to the significant role of BLR, this study reveals that exchange rates and Inflation exhibit weaker and statistically insignificant relationships with supply

construction GDP. The weak positive correlation between supply construction GDP and exchange rates suggests that while a positive relationship exists, it is relatively minor in strength. In practical terms, changes in exchange rates have only a limited positive impact on supply construction GDP (Maizura and Rashid, 2017; Çitçi and Kaya, 2023). Similarly, the moderately negative correlation between supply construction GDP and Inflation signifies a weak negative relationship, suggesting that fluctuations in Inflation have a limited negative effect on the supply construction sector. Consequently, while these macroeconomic factors are not irrelevant, their influence on the construction industry's GDP appears to be less pronounced.

Understanding the dominant role of BLR in shaping the supply construction sector's performance is crucial for policymakers and economic decision-makers in Malaysia (Tan, 2010; Mohd Shaari *et al.*, 2022). They must recognize that changes in base lending rates can have significant implications for the construction industry (Tan, 2010). Whether it's raising or lowering interest rates, these decisions have direct consequences on the industry's growth, with potential impacts on construction investments, property development, and overall economic stability. Policymakers should consider these findings when formulating and implementing monetary policies to ensure that the construction sector remains a robust contributor to Malaysia's GDP.

It's important to acknowledge the limitations of this study. While the data span from 2015 to 2023, a more extended period might yield further insights into the long-term trends in the supply construction GDP. Additionally, future research could explore other factors, such as government policies and external economic shocks, to provide a more comprehensive understanding of the construction industry's dynamics in Malaysia.

In conclusion, this study illuminates the pivotal role of BLR in influencing the supply construction GDP in Malaysia, emphasising the importance of monetary policy in the construction sector. Recognizing this dynamic relationship is essential for informed decision-making and strategic planning, ultimately contributing to the continued growth and stability of Malaysia's construction industry.

### **Managerial Implications**

The findings of this study hold several crucial implications for industry stakeholders and policymakers. Firstly, the study underscores the need for heightened awareness of monetary policies, particularly the Base Lending Rate (BLR), within the construction sector. This emphasis arises from the study's revelation that changes in the BLR significantly impact supply construction GDP. Therefore, for construction businesses and industry players, staying informed about the BLR and its potential fluctuations is essential for making informed decisions.

Moreover, risk management takes centre stage in light of the study's results. The construction industry's sensitivity to macroeconomic shifts, especially interest rate changes, highlights the importance of adopting risk management strategies. Diversifying investments and developing financial strategies to hedge against unfavourable lending rate fluctuations can enhance the resilience of businesses operating in this sector. The study thus serves as a reminder for construction stakeholders to proactively manage and mitigate risks associated with macroeconomic factors.

Furthermore, the research underscores the value of data-driven decision-making in the construction industry. By regularly monitoring key macroeconomic indicators, particularly the BLR, construction firms can make proactive decisions that align with the economic climate. This data-driven approach can help in strategic planning and guide actions to navigate various economic scenarios effectively.

### **Significance and Novelty**

This study holds significance due to its comprehensive insight into the Malaysian construction industry. While previous research often focuses on specific facets of the construction sector (Chia, 2012; Zulhumadi *et al.*, 2013; Khan, Liew and Ghazali, 2014; Nawi, Lee and Omar, 2014; Jatarona *et al.*, 2016; Mohd Najib *et al.*, 2019; Ne'Matullah, Pek and Roslan, 2021; Asila Jalil, 2022; Dehdasht *et al.*, 2022), this study offers a broader understanding by analysing the supply construction GDP. This comprehensive perspective enables industry stakeholders and policymakers to grasp the industry's dynamics more holistically.

An additional aspect of novelty lies in the extended research period, which spans from 2015 to 2023. This extended time frame allows for a more profound exploration of how the construction sector responds to macroeconomic changes and challenges over an extended duration. It offers a more in-depth understanding of the long-term trends and fluctuations within the industry, providing valuable insights for strategic planning and policy formulation.

The study also stands out for its inclusive macroeconomic analysis. By considering various macroeconomic indicators such as exchange rates (Maizura and Rashid, 2017; Çitçi and Kaya, 2023), lending rates (Tan, 2010; Mohd Shaari *et al.*, 2022), and core inflation (Maizura and Rashid, 2017; Alaloul, Musarat, Liew, *et al.*, 2021; Musarat, Alaloul and Liew, 2021; Outram, 2022; Çitçi and Kaya, 2023), it provides a more holistic economic context for the construction sector. This comprehensive analysis offers a well-rounded view of how the industry interacts with the broader economic environment, thus providing a more accurate basis for decision-making.

Ultimately, the study's policy guidance element is a noteworthy contribution. By highlighting the significance of the BLR in shaping the supply construction GDP, it can guide monetary policy decisions aimed at achieving economic stability and growth. This aspect of the research has the potential to influence policy formulation and implementation, benefiting both the construction sector and the overall Malaysian economy.

## **Conclusion**

In conclusion, this study has shed light on the dynamics of Malaysia's supply construction sector by scrutinising its Gross Domestic Product (GDP) from 2015 to 2023. The research was guided by the objectives of deciphering the key factors influencing the sector's GDP and assessing the prominence of the Base Lending Rate (BLR) in comparison to other macroeconomic indicators. It addressed significant research gaps, primarily the dearth of comprehensive studies concerning supply construction GDP and the limited exploration of a wide array of macroeconomic variables in previous research.

The findings have revealed compelling insights into the supply construction sector's relationship with macroeconomic factors. The analysis established that BLR is a formidable driver of supply construction GDP, exerting a robust and positive influence. In contrast, factors like exchange rates and Inflation exhibited more modest or statistically insignificant effects on the sector.

It is essential to acknowledge the limitations of this study. The analysis was confined to the specific period from 2015 to 2023, potentially limiting the generalisability of the results to other timeframes. Moreover, while multiple macroeconomic indicators were considered, there may be unexplored variables or external factors influencing supply construction GDP.

Looking forward, there are a plethora of opportunities for future research endeavours. Longitudinal studies that encompass broader timeframes could capture evolving trends within the supply construction sector. Additionally, investigating other influential factors, such as governmental policies, international economic conditions, and technological advancements, would provide a more holistic perspective on the sector's performance.

Ultimately, this research underscores the significance of BLR in shaping Malaysia's supply construction GDP, which, in turn, has implications for strategic planning and decision-making within the construction industry. As the construction sector remains a pivotal driver of Malaysia's economic development, it is imperative to continue exploring the intricate interplay between the supply construction sector and the broader macroeconomic environment to inform sound policy decisions and industry strategies.

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