Gani, A. B. D., Fernando, Y., Lan, S., Lim, M. K. and Tseng, M.-L. (2022) Interplay between cyber supply chain risk management practices and cyber security performance. *Industrial Management and Data Systems*. (Early Online Publication)

(doi: 10.1108/IMDS-05-2022-0313)

https://eprints.gla.ac.uk/286006/

Deposited on: 24 November 2022

# Interplay between Cyber Supply Chain Risk Management Practices and Cyber Security Performance

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## Abstract

### Purpose

This study aims to examine whether the cyber supply chain risk management (CSCRM) practices adopted by manufacturing firms contribute to achieving cyber supply chain (CSC) visibility. Studies have highlighted the necessity of having visibility across interconnected supply chains. Thus, this study examines the extent of CSCRM practices enabling CSC visibility to act as a mediator in achieving CSC performance.

### Design/methodology/approach

A survey method was used to obtain data from the electrical and electronics manufacturing firms registered with the Federations of Malaysian Manufacturers directory. Data from 130 respondents were analysed using IBM SPSS and PLS-SEM.

### Findings

This study empirically proves a dedicated governance team's integral role in setting the security tone within its CSC. The result also confirms the significant role that CSC visibility plays in achieving CSC performance. As theorised in the literature, there is also a strong direct relationship between CSC visibility and CSC performance, assuring manufacturing firms that investments and policies devised to improve CSC visibility are fruitful.

**Originality/value**

The significance of supply chain visibility in an integrated supply chain is recognised and studied using analytical models, behavioural techniques, and case studies. Substantial empirical evidence on the CSCRM practices which contributes towards achieving supply chain visibility is still elusive. This study's major contribution lies in identifying CSCRM practices that can contribute towards achieving CSC visibility, and the mediating role CSC visibility plays in achieving CSC performance.

*Keywords: Cybersecurity, Supply chain visibility, Supply chain risk management, Cyber supply chain risk management*

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## 1. Introduction

Cybersecurity challenges are becoming a daily struggle for manufacturing firms, one of the most vulnerable industries to cyber-attacks. The advancement in automation and digitalisation technology, which the manufacturers are embracing to enhance and better monitor their operations, comes with a cyberthreat landscape equally as sophisticated (Rehman et al., 2021; Zhu et al., 2022). The concept of cyber supply chain risk management (CSCRM) has emerged as a new management construct in the supply chain discipline. CSCRM advocates a cross-functional strategy to avoid and address disruptions resulting from the extensive interconnection of today's systems' operations (Colicchia et al., 2018). All supply chain members become as strong as the weakest member because of shared information and security practices within an interconnected supply chain (Pandey et al., 2020; Tseng et al., 2021). Cyberattacks may originate in any network within the cyber supply chain (CSC) because of poor security controls. Therefore, a trait necessary for a CSC is visibility across its supply chain network. CSC visibility has been identified as a critical organisational competency for decision-making and attaining sustainable and competitive business performance (Kalaiarasan et al., 2022). Visibility also improves supply chain coordination and information sharing among supply chain members (Fernando et al., 2020; Fernando et al., 2022). As CSCRM is concerned with the security and integrity of information transferred over a company's communication network, having visibility is critical to several facets of an efficient CSCRM.

Series of CSCRM practices have been proposed to increase visibility along the value chain. Gani and Fernando (2021) reported that mature CSCRM practices comprise several tiers, ranging from establishing a governance body, operations management, and systems integration to assess the level of preparedness of the supply chain in defending itself from cyberattacks. On the other hand, Kalaiarasan et al. (2022) has identified visibility antecedents as consisting of

people, process and technology sub-categories. Despite this, it was found that firms predominantly implement only technical security measures to strengthen internal firewalls rather than extending them to their supply chain (Colicchia et al., 2018). The existing literature is also unclear on CSC visibility's attainment and exact role in a CSCRM context. This is because the literature on CSCRM practices and visibility is still limited (Saqib & Zhang, 2021). Furthermore, the lack of precise standards and practices that firms can leverage and the managerial capabilities to implement them limits firms' ability to manage cybersecurity challenges (Pandey et al., 2020).

This study attempts to analyse the CSCRM practices and their role in achieving CSC visibility; and gives the importance of having visibility for an efficient CSCRM (Creazza et al., 2021). Consequently, examine if CSC visibility mediates the relationship between CSCRM practices and CSC performance. Thus, the objectives of this study are as follows:

- To investigate the relationship between CSCRM practices and CSC visibility
- To examine the relationship between CSC visibility and CSC performance
- To investigate the role of CSC visibility as a mediator between CSCRM practices and CSC performance.

This study examines empirically and undertaken from a management perspective to fill the gap in the CSCRM literature (Pandey et al., 2020). In the CSCRM context, this study argues that CSC visibility is critical for defending supply chain networks from cyberattacks and improving strategic performance in decision-making and competitiveness. Furthermore, it supports the company in sharing critical information and coordinating across multiple supply chain networks. However, the CSCs visibility is not well addressed, and the concept is not clearly justified in the literature. This study makes a significant contribution by proposing CSC visibility as an intervening domain to strengthen the theoretical model of CSCRM practices. The model not only adds to the CSCRM literature but can also be used to improve current practices.

The remainder of this study is as follows: Section 2 describes the relevant theoretical foundations which form the basis for the hypothesis's derivation. Section 3 then describes the methodology and the sample before presenting the respective empirical results in Section 4. Section 5 discusses key findings, and finally, the study's limitations and future directions conclude the study.

## 2. Literature Review

This section discusses literature reviews on the main variables and the theoretical foundation to justify the argument on hypothesis development.

### 2.1. Theoretical underpinning (contingency theory)

Contingency theory is a management theory that has its roots in organisational behaviour. It has gained popularity since it contradicts traditional management theory's assertion that there is just one ideal way to accomplish things (Csaszar & Ostler, 2020). Instead, contingency theory promotes the notion that there is no one-size-fits-all approach to doing things or managing firms. A task is carried out differently in firms based on environmental and contextual circumstances. Hence, contingency theory is used in this study in alignment with its proponents who argue that there is no single optimum strategy to protect a CSC; rather, a balanced review of its use and enforcement must consider a variety of environmental, organisational, and individual

considerations (Abedin, 2021). Such understanding is essential for building and maintaining a CSC's integrity and its stakeholders' trust.

Risks in CSC are based on uncertainty caused by environmental factors. Correspondingly, several risk management frameworks have been suggested, such as Gani and Fernando (2021) and Tse et al. (2018). Those frameworks give firms the foundation to collect data and analyse risk. Most significantly, firms can gather intellectual information, and accurately analyse and assess the current situation to make the most appropriate decision contingent upon the firm's environment (Abedin, 2021). The contingency view has been applied in an integrated supply chain, illustrating that the relationship between integration and firm performance relies on several contingencies. This study argues that CSC performance is affected by contextual variables, allowing us to enrich our understanding of the circumstances under which a certain practice achieves CSC security. Hence, this study uses contingency theory as an underpinning theory to explain the nexus of the contextual variables and CSCRM practices.

## 2.2. CSC Security Performance

A compromised supply chain smears the operational and proprietary knowledge integrity of CSC. Firms can eliminate or reduce CSC vulnerabilities by implementing CSCRM. Although there are studies on supply chain security, not many have empirically examined the effect of supply chain security management on the firm's security performance. For example, a study by Cheung et al. (2021) analysed 103 articles on cybersecurity and found half to be conceptual in nature. For instance, Pandey et al. (2020) reported that firms largely rely on firewalls and encryption as a means of protection, which is proven inadequate given the various risk categories across inbound and outbound CSC. An effective CSCRM practice needs to incorporate people, process and technologies to effectively manage various risk types to achieve a CSC security performance (Creazza et al., 2021; Fernando et al., 2022). Firms with maturity in managing cybersecurity would have processes governing the confidentiality, integrity and availability of the information within the CSC. These can help firms achieve CSC security since their supply chain is more robust and resilient to breaches and attacks.

## 2.3. CSCRM

CSCRM is a strategy and effort to identify and map critical assets, evaluating and mitigating possible cyber and information risks (Creazza et al., 2021). CSCRM's goal is to extend cyber risk control across the CSC network rather than just the focal firm, allowing for standard risk assessment and advocating for transparency across all supply chain participants (Colicchia et al., 2018; ; Zhu et al., 2022). Studies have attempted to dissect various aspects of CSCRM, such as risk management concepts (e.g., Gani & Fernando, 2018), visibility (e.g. Kalaiarasan et al., 2022) and achieving supply chain resiliency (e.g., Malatji et al., 2021). It has been argued that most have presented conceptual frameworks without empirical data (Cheung et al., 2021). Moreover, previous studies primarily focused on the technical aspects of a single firm (Creazza et al., 2021) rather than extended networks. Therefore, it is necessary to undertake CSCRM from the lens of a management perspective with a fusion of technical and organisational practices.

### 2.3.1. CSCRM Practices

Gani and Fernando (2021) identified governance, system integration, and operations to assess a firm's maturity in addressing cybersecurity concerns. The first tier stresses forming a governance team as a unified force to bring coordination and coherence to supply chain security choices. Cybersecurity governance cannot be achieved without an awareness of its importance and ramifications if it is not embraced by every supply chain member of the firm (Gani & Fernando, 2021). As a result, one of the top management's primary responsibilities is to establish a centralised governance body, which is then tasked with: a) educating stakeholders on cybersecurity risks, b) developing guidelines and processes to assess, audit, and monitor the compliance of all internal and external stakeholders regularly, and c) keeping up with cybersecurity-related updates, trends, and technologies and implementing regular patches to the supply chain network in an effort to protect the supply chain network (Gani & Fernando, 2018). However, this approach's success for CSCRM depends on the structural integration across the supply chain.

The second component is systems integration. It represents a set of interconnected systems and processes that facilitate effective decision-making. In an extremely interconnected global environment, the performance and adaptability of the firm are determined by its structure and configuration of the firm. The higher the degree of integration, the better the firm's performance (Tan et al., 2022). This denotes stewardship of cyber or physical asset network maps and emphasises network asset visibility and real-time monitoring of processes.

The third tier is Operations, which is the execution and management of the processes that have been identified as the critical element for cybersecurity hygiene. Operational risks, such as a breakdown in manufacturing or processing capability or technological changes, impact a firm's ability to create goods and services and, thus, its profitability. Validation of IT system components, traceability of hardware certificates, software configuration management, supplier qualification and operational checks, sourcing strategy, and protocol to deal with suspected breaches, attacks, or counterfeit parts are elements of this tier.

Other literature which has examined the CSCRM factors is summarised in Table 1. Among the factors that remain the highest enabler for the cybersecurity posture of a firm is top management, IT infrastructure, organisation tools, process and resource capabilities, which aligns with the findings from Gani and Fernando (2021). Therefore, this study recognises that governance, systems integration and operations represent a mature cybersecurity practice, enabling firms to increase visibility and achieve CSC security.

**(INSERT Table 1 here)**

### 2.4. CSC Visibility

Kalaiarasan et al. (2022) defined visibility as the degree of accurate and timely information that is available and accessible to the members of the supply chain network. Effective integration and communication contribute positively towards achieving visibility, which improves supply chain performance. Several studies back this assumption, agreeing that supply chain visibility is obtained via information sharing and connectivity, enabling improvements in the resilience and robustness of the supply chain (e.g., Dubey et al., 2020).

According to Barratt and Oke (2007), visibility mediates the relationship between CSCRM practice and CSC performance, and higher CSC visibility can improve CSC performance. Isolated

literature has found that visibility positively influences overall supply chain performance; however, Kalaiarasan et al. (2022) concluded that very few contextual variables that affect CSC visibility are known. This is because the contingency factors for visibility are limited to three literature sources, thus calling for more studies to understand the context contributing to antecedents, barriers, challenges, drivers and effects of visibility. Therefore, this study proposes a theoretical framework that examines the relationship between CSCRM practices and CSC performance mediated by supply chain visibility, as shown in Figure 1.

**(INSERT Figure 1 here)**

## 2.5. Hypothesis development

Ghadge et al. (2019) argued that firms require elements of both IT and organisational tools to address and control the inherent CSC risks. According to Hong et al. (2018), ensuring visibility in the CSC network is paramount to resolving rapid changing and dynamic global supply chain problems. Therefore, Dubey et al. (2020) postulated that firms should implement practices that increase supply chain visibility through collaborations, systems integration, and information sharing. Furthermore, many studies have argued that a firm's governance improves its performance as it favours actions that are in the best interests of all shareholders. Consequently, a direct influence on CSC practices and CSC visibility and, ultimately on risk management is expected (Rehman et al., 2021). In this regard, Wijethilake and Lama (2019) have found that the extent of a practice being adopted as a culture by its stakeholders are driven by the governance team. Similarly, D'Arcy et al. (2020) found that governance is among the factors that could impact the likelihood of a firm experiencing a data breach as they can influence the level of practices to be adopted. Others have also reported that systems integration and centralised governance structures contribute positively to breach reductions. According to Dubey et al. (2020), the influence of CSCRM practices to enhance CSC performance could be strengthened by creating visibility amongst members through collaboration using the firm's technological resources. Brun et al. (2020) have also found that to address supply chain complexity and achieve visibility, greater collaborations are needed. Supply chain partners use RFID and blockchains as operational tools to exchange information, increase transparency, and collaborate on security issues. In addition, Somapa et al. (2018) assert that to promote operational effectiveness, information must be aligned with business processes for supply chain visibility to have its transformational effect. Based on the above discussion, the following hypotheses are proposed:

*H1a: There is a positive and significant relationship between governance and CSC visibility*
*H1b: There is a positive and significant relationship between systems integration and CSC visibility*
*H1c: There is a positive and significant relationship between operations and CSC visibility*

Studies are in consensus that improved visibility decreases supply chain disruption and lessens the impact, resulting in increased robustness and resilience. Maghsoudi and Pazirandeh (2016) discovered that visibility had a major effect on resource sharing and business performance.

Dubey et al. (2020) also found that supply chains' visibility influences stakeholder trust and contributes to firm performance. Findings from previous studies posit that visibility significantly benefits a firm's performance. As a result of gaining visibility, firms build stronger trust among their members, allowing them to be more flexible and responsive to environmental dynamics.

As securing CSC is critical to safeguard the integrity of products and the firm's reputation, firms must now discover ways to combine CSCRM principles to protect their supply chain, much like how environmental practices were incorporated for a sustainable supply chain (Swift et al., 2019). Furthermore, considering the current cyber threat landscape of the manufacturing industry, firms must include CSCRM practices to secure their supply chain networks to assure their stakeholders on their data security and product quality (Afum et al., 2020). From the above, it is evident that many studies agree that supply chain visibility influences the firm's performance. Therefore, the following hypotheses are proposed:

*H2a: CSC visibility has a positive impact on CSC internal security*
*H2b: CSC visibility has a positive impact on CSC external security*

Supply chain visibility is recognised as a critical strategy to improve operational performance. However, a major concern noted by studies in achieving desired supply chain performance is often attributed to a lack of supply chain visibility (e.g., Shibin et al., 2017). Furthermore, previous studies have failed to delineate between supply chain practices and supply chain visibility (Barratt and Oke, 2007). Therefore, the interplay of supply chain practices in building supply chain visibility to achieve supply chain performance needs to be investigated. Since supply chain practices are identified as an immediate antecedent to achieving supply chain visibility that may impact supply chain performance, it is hypothesised that supply chain visibility mediates the relationship between CSCRM practices and CSC performance. Therefore, the following hypotheses are proposed:

*H3a: CSC visibility mediates the relationship between governance and internal security*
*H3b: CSC visibility mediates the relationship between systems integration and internal security*
*H3c: CSC visibility mediates the relationship between operations and internal security*
*H3d: CSC visibility mediates the relationship between governance and external security*
*H3e: CSC visibility mediates the relationship between systems integration and external security*
*H3f: CSC visibility mediates the relationship between operations and external security*

### 3. Methods

This study employed a quantitative approach, using an electronic survey with adapted measurement items from previous studies. The rationale for using an electronic survey was to gain access to a larger geographical area for the least amount of money and effort. The unit of analysis is Malaysia's electrical and electronics (E&E) manufacturing firms. The selection of E&E firm is attributed to it being the largest contributor to the manufacturing sector in Malaysia. It has been identified as one of the high-impact industries in the Twelfth Malaysia Plan, 2021-2025 (MSIA, 2022). The respondents of this survey hold senior management or executive role. They are assumed to have the authorisation in decision making and conversant in their business operations and possess the ability to represent their firm. Samples of the population were drawn from the automotive, electrical, electronics, ICT and semiconductor sub-sector of E&E manufacturing firms from the Federations of Malaysian Manufacturers (FMM) directory. As this study intends to review the CSCRM practices regardless of the firm's size, no control variable is

used. In their study on green management, Younis and Sundarakani (2019) found that control variables do not affect operational performance. It is because firms of all sizes can benefit from supply chain management techniques. To examine improvements in their overall product quality and safety. Potential respondent firms were selected via disproportionate stratified sampling after filtering for firms with ISO 9001 certification as preliminary proof of the firm's maturity and awareness of international standards. Stratified random sampling is a prominent approach used in supply chain management studies (Fernando et al., 2021). ISO 9001 was selected because no substantial data on ISO 27001 certification was found in the FMM directory.

A survey questionnaire was developed by adapting instrument items from previous literature. Each item was measured on a five-point Likert scale with anchors ranging from strongly disagree (1) to strongly agree (5). An expert group of industry practitioners and academicians pre-tested and refined the instrument developed. A pilot test on the targeted respondents was carried out next to evaluate actual survey performance. To assess internal reliability and consistency of the instrument, Cronbach's alpha formula was used prior to qualifying the questionnaire administration to remainder of the population. The result of Cronbach's alpha from the pilot study met the requirement with all values being greater than 0.7, indicating that it was reliable and could be understood by the respondents.

As a result, 550 questionnaires were administered via Google form for a duration of 4 weeks. At the end of 4th week, 130 questionnaires were collected, which amounted to a 23.6 percent response rate. The response rate falls within the range of similar studies conducted in the Malaysian context (e.g., Fernando et al., 2020; Fernando et al., 2022), thus considered enough to represent the population of E&E manufacturing firms in Malaysia. This study's descriptive analysis was conducted using IBM SPSS software version 24. SmartPLS software version 3.3.3 was used to measure the model, which had skewed data as a result of skewness and kurtosis data validation. SmartPLS is endorsed by various writers, including Hair et al. (2019). We posit that PLS should be used when the analysis is concerned with evaluating a theoretical framework from a prediction viewpoint and when the sample size is limited due to a small population. The result from the analysis is covered next.

## 4. Results

### 4.1. Respondent and firm's profile

The respondents were predominantly from senior or middle management positions, with IT managers accounting for over 40 percent of the respondents, followed by supply chain managers (19%), and operations managers (17%). In addition, 85 percent of the respondents have specified that they possess professional cybersecurity certification. Thus, this survey obtained fair replies from the firm's top management, indicating that the manufacturing firm's input on security practices is adequately represented. All 130 respondents have confirmed adopting cyber security practices in their firm, with 21.5 percent having obtained ISO 27001 certification. Most of the respondent's firm has been operating between 10 to 15 years, making up over 57 percent of the total respondents. In addition, 42 percent of the firms were relatively new, with under ten years of operation, while only 5 percent were mature operators with over 20 years of existence. The remaining 9 percent were in operation between 16 to 20 years. Respondents were largely from firms dealing with industrial products (66.9%) and consumer products (33.1%), with 16.9 percent of the firms having more than 500 employees, followed by 251 to 500 employees

(23.1%), 100 to 250 employees (33.8%), and less than 100 employees (26.3%). Most respondents were from fully-owned Malaysian firms (40.8%) or local and foreign joint-venture firms (36.2%).

Further, to strengthen the validity of the respondents regarding CSCRM practices, several questions have been included in the survey, as shown in Table 2. All respondents (100%) indicated that their firm had experienced some form of cyberattack. Spam was the most commonly experienced cyberattack with 40.8 percent of the respondent firm having experienced it, followed by phishing (30.8%), malware (20.8%) and hacking (7.7%). In addition, respondents indicated that the top four most worrying cybersecurity issues to their firm are trusting data to a third-party vendor (36.9%), subsequent mismanagement of cloud access (26.9%) and IoT sensor compromise (26.2%) received an almost equal vote, and physical device tampering (10%). This result confirms that cybersecurity issues are a cause of concern to manufacturing firms with varying degrees of impact depending on the severity of the attack.

### 4.2. Measurement model

Before the overall model testing, we conducted the construct validity assessment for CSC Visibility measurement items using EFA (exploratory factor analysis) procedure. The visibility measurement items were adapted from the concept paper and not established yet. Four measurement items represent the CSC Visibility that has been analysed using principal component analysis (Table 3). Several conditions need to be fulfilled (Aminaimu & Fernando, 2021). First, we found that the Bartlett test of sphericity was significant ($\chi2$ = 0.819, $p < 0.001$). We found that the adequacy sampling has exceeded 0.50 (*Kaiser-Meyer-Olkin* = 0.819). In the second condition, we examined the correlation matrix's anti-image. We found that all measurement items were acceptable (>0.50). In the third condition, we examine the eigenvalue assessment. We found 75.02 percent of total variance with a single factor eigenvalue greater than one. We conclude that CSC Visibility measurement items are valid and can be utilised for further structural model analysis.

To ensure that the model is valid and reliable, convergent validity, reliability and discriminant validity were first established. PLS-SEM's Loading, *CR* and *AVE* is used to measure the convergent validity. Figure 2 shows the results of the PLS-SEM study. According to Hair et al. (2016), the value for Loadings and *AVE* is > 0.5, while for *CR*, it should be > 0.7. As shown in Table 4, factor loading *CR* and *AVE* results were within the acceptable values. This implies that the individual indicators were reliable, and the reflective constructs have a high level of convergent validity and internal consistency, respectively. Similarly, discriminant validity was evaluated to measure how one construct differs from another. Table 5 shows the heterotrait-monotrait ratio of correlations (*HTMT*) correlation matrix. The result shows that most of the *HTMT* values fall under the stringent range of 0.85 except for internal and external security. However, all the *HTMT* values are below 0.9, the most conservative acceptable value. This implies that each construct is unique and does not overlap in definition or understanding. Thus, our results have established discriminant validity between two reflective constructs.

### 4.3. Structural measurement

The structural model was evaluated using the coefficient of determination ($R^2$), predictive relevance ($Q^2$), and path coefficients of the independent variables from the model. The typical

way to evaluate the structural model's predictive power is the $R^2$ measure. Significant, moderate, and weak $R^2$ values are defined as 0.75, 0.50, and 0.25, respectively (Hair et al., 2016). The $R^2$ indicated that the present model's factor could explain 33.7% (internal security) and 46.4% (external security) of CSC performance variations. For $Q^2$, the value > 0 for internal security ($Q^2$=0.221), external security ($Q^2$= 0.262), and visibility ($Q^2$=0.379) establish the fact that the PLS structural model has predictive relevance. A collinearity test is also performed to determine whether the data in this study is free of biases. Because the data was collected from a single respondent from each firm, this study used variance inflation factors (VIF) to test for common method bias. According to Hair et al. (2016), the acceptable VIF score is less than 5. As shown in Table 6, all variables were found to be free of common method bias with VIF scores less than 5.

**(INSERT Table 2 here)**
**(INSERT Table 3 here)**
**(INSERT Table 4 here)**
**(INSERT Table 5 here)**

PLS-SEM's Bootstrapping procedure is used to obtain t-statistics and p-value. The one-tail test is used to measure the direct effect of the hypothesis with a cut-off *t*-value of 1.645, while two tailed-test is used to measure the indirect effect or mediating hypothesis with a cut-off value of 1.965. The significance of path coefficients for direct effect is shown in Table 6. The result indicates that hypotheses H1a, H1b, H2a and H2b are all supported, but not H1c. The results for H1a showed a positive and significant linkage between governance and CSC visibility (*ß* = 0.246; *t*-value = 2.835). H1b which examined the relationship between systems integration and CSC visibility is positive and statistically significant (*ß* = 0.435; *t*-value = 3.642). However, H1c relationship between operations and CSC visibility is insignificant and therefore rejected. As for the relationship between CSC visibility and internal security (H2a), and visibility with external security (H2b), both were positive and statistically significant, with *ß* = 0.581 and *ß* = 0.681, respectively, with a *t*-value > 1.645.

The result of the indirect effect is depicted in Table 7. H3a-H3f predicted a mediating effect of CSC visibility between CSCRM practices and CSC performance. From the result, hypotheses H3a, H3b, H3d, and H3e were found to be positive and statistically significant with a *t*-value > 1.965, thus were all accepted. However, H3c and H3f have a *t*-value < 1.965 and thus were rejected. This shows that the inclusion of CSC visibility as a mediator in the relationship between CSCRM practice and CSC performance did not reveal complete acceptance. However, this result affirms the importance of having a governance structure beyond the IT team alone to drive the standards and policies to tighten CSC security and integrity. Similarly, systems integration among the supply chain partners enables achieving stronger CSC visibility across CSC.

**(INSERT Figure 2 here)**
**(INSERT Table 6 here)**
**(INSERT Table 7 here)**

## 5. Discussion

There are 11 hypotheses in this study. Five direct effect hypotheses address study objectives one and two, while six indirect hypotheses address study objectives three. The acceptance rate for direct effect is 80%, with one direct hypothesis (H1c) rejected, and the acceptance rate for indirect effect is 67%, with two hypotheses rejected (H3c & H3f). This data demonstrates that the conceptualisation of CSCRM practices to achieve CSC performance and the inclusion of CSC visibility as a mediating factor is proven.

Studies have reported that most attacks occur on the weakest link within supply chain members, drastically lowering security capability and visibility (Ghadge et al., 2019). As a result, suppliers must improve visibility and develop a set of adaptable tools to mitigate risks. Better CSCRM practices are expected to enable a company to see risk exposure throughout the supply chain, including financial health and existing and emerging risks. Thus, hypothesis H1a to H1c examines the relationship between CSCRM practices and CSC visibility. From Table 6, only governance and systems integration are proven to impact achieving CSC visibility positively, but the operations relationship is rejected. The positive relationship between governance and CSC visibility confirms the importance of governance as a foundation to set the tone of the cyber security culture in a manufacturing firm.

Similarly, firms can achieve greater CSC performance by having enhanced CSC visibility stemming from systems integration as reported by several studies (e.g., Fernando et al., 2020; Fernando et al., 2022). The ability to share information in real-time with supply chain partners is pivotal to obtaining information regarding any risk or vulnerability that can cause interruption to the supply chain. On the contrary, the relationship between operations and CSC visibility was found to be rejected. This unpredicted result could mean that many firms are still acting with little operational visibility, possibly being reactive rather than proactive in addressing operational improvements based on complaints or feedback from supply chain partners. Although surprising, there is a plausible reason that this contributed to the failure to address process bottlenecks. The concept of operation bottlenecks which was introduced by Cotteleer and Bendoly (2006), suggests that these bottlenecks hinder higher process performance due to physical or managerial constraints. Therefore, firms intending to improve CSC performance need to realise that only deploying tools or processes for application monitoring is inadequate to create CSC visibility. Instead, they must build processes and procedures to go beyond tracking inventories to obtaining actionable information and making it accessible to all stakeholders appropriately.

The result further proves that CSC visibility does contribute to achieving supply chain security. This finding is in line with past studies that have reported the importance of visibility in improving a firm's performance (Finkenstadt & Handfield, 2021). Similarly, the mediating effect of CSV between governance and systems integration is also proven to be statistically significant, implying the effort that firms make to enhance their CSC's visibility is proven to improve their CSC security and integrity. Similarly, H2b examined the mediating effect of CSC visibility between systems integration and CSC performance, and the result was found to be positive and significant as predicted. This proves that having an excellent technology infrastructure to back and integrate the dynamic CSC is the enabler for achieving visibility and attaining performance improvements; thus, it is inseparable for any CSC.

In contrast, the mediating effect of CSC visibility between operations and CSC performance was found insignificant. This negative relationship is possible if firm's operations are limited to

its own and focal or first-tier suppliers but not second-tier or beyond. Studies like Hosseini and Ivanov (2019) have reported that the visibility of first-tier suppliers is more critical to a firm than second or third suppliers. The whole intent of requiring visibility can only be fully realised once the firm includes its suppliers within its supply chain's operations and makes them accountable for cyber security regardless of their tier.

## 5.1. Theoretical implications

This study contributes to the enrichment of the topic of CSC visibility in the CSCRM context. CSC visibility has been touted in the literature as an enabler for firms to respond to and recover from malicious intrusions. The performance impact of visibility is intensively studied in SCM. Despite that, CSC visibility relationship and effect on CSC performance have not been empirically tested; visibility is still mainly theoretical (Caridi et al., 2014). Thus, by including CSC visibility as an enabler for CSC performance, this study has empirically proved the direct relationship of CSC visibility on performance which was proved to be positively significant. In addition, CSC visibility's role as a mediator between CSCRM practices and CSC performance was also proven via this study, which has not been examined previously. The type of CSCRM Practices affecting CSC visibility provides an important indicator on other practices that can influence CSC visibility besides having the information-sharing capability.

Next, this study offers a dual contribution to undertaking CSCRM study empirically and from a management perspective. Many studies have voiced the need for more empirical data in CSCRM and management, as the existing studies were conducted from a technical perspective instead. The present study has filled this void.

Finally, this study adds to the growing body of evidence supporting the use of the partial least square method structural equation model (PLS-SEM) as a reliable statistical tool for modelling multiple variables simultaneously. It includes a necessary goodness model analysis to assess construct validity and reliability before defining the path direction between latent variables involving mediation.

## 5.2. Practical implications

This study has proven that the way to achieve CSC performance is by having CSC visibility. Thus, practitioners should view their supply chain security technically and from a management perspective, with both tools and processes working in concert and with equal priority to help them achieve CSC visibility within their network. It is also imperative that the direction for pursuing CSC visibility as a priority come from the firm's governance team to implant a security culture vertically and horizontally within its supply chain, including suppliers beyond the first tier. Finally, firms must understand that CSCRM is a journey that involves multiple business processes and functions within and across the network; without ensuring they have visibility over their Tier 1 and Tier 2 suppliers, the firms would not have full visibility over their supply chain. Therefore, any safety and security program devised by the firm should facilitate information sharing, disruption alerts and coordinated responses among its supply chain partners.

## 6. Conclusion

This study examines how effective a manufacturing firm's CSCRM practices are in achieving CSC performance. The role of supply chain visibility as mediator between CSCRM practices and CSC performance was also investigated. This study has empirically proven that having a dedicated governance team comprising both technical and non-technical expertise personnel is crucial in defining the security tone inside a CSC within the E&E industry. Security incidents cannot be managed with the technical forefront alone. It requires an amalgam of people, processes, and technology. The findings further highlight the importance of CSC visibility in achieving CSC performance. Manufacturing firms need to fully evaluate their network perimeter and prioritise integration efforts and governance of standards and policies that would improve their visibility among their supply chain partners, both internally and externally. Inherently, this implies assessing the cybersecurity maturity level of its supply chain partners, beyond first-tier suppliers, in their ability to protect integrated devices and remote-access connections from being exploited. It is paramount that all CSC partners perceive cybersecurity as a priority and work in tandem to secure their respective networks from unwanted intrusions. This entails forming a dedicated governance team and creating integrated systems to improve network visibility to make the CSC more secure.

There are some limitations in this study that ought to be acknowledged. First, the population of this study is purely dependent on registered firms with an FMM directory which does not provide information on the security maturity level of every E&E manufacturer in Malaysia. Next, limited empirical evidence is presented in this study, which mainly aims to validate the proposed framework. A wider application of the model could offer an interesting outcome in CSCRM practices and provide a more extensive basis for benchmarking CSC visibility as a CSC performance enabler. Finally, this study was undertaken from the focal firm's perspective; future studies could approach CSCRM from the perspective of customers and suppliers, who could operate with different expectations and perceptions affected by the different rule of law environments.

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Appendix

## Measurement items

| Variable | Governance | Adapted from |
|---|---|---|
| GVN1 | My firm has a cross-functional team that specialises in managing cybersecurity issues. | Gani and Fernando (2021) |
| GVN2 | My firm has regular sharing of cybersecurity plans with the stakeholders. | |
| GVN3 | My firm follows government or industry-initiated cybersecurity guidelines (e.g., ISO/IEC 27000). | |
| GVN4 | My firm verifies that supply chain partners follow government or industry security guidelines. | |
| GVN5 | The operation of the overall cyber supply security structure is evaluated and adjusted to adapt to changing conditions. | |
| | **Systems Integration** | |
| SI1 | My firm's security plan is coordinated with major suppliers. | Gani and Fernando (2021) |
| SI2 | My firm's security plan is coordinated with outside groups (i.e., government and suppliers). | |
| SI3 | My firm and the supplier have jointly implemented a document retention policy on cyber supply chain risk. | |
| SI4 | My firm's suppliers provide frequent status updates on current or emerging cyber supply chain risks. | |
| SI5 | My firm's information systems provide our supply chain partners with the timely information they need to respond to contamination/security incidents. | |
| | **Operations** | |
| OPS1 | My firm has processes to prevent security issues in our supply chain. | Gani and Fernando (2021) |
| OPS2 | My firm has processes to detect security issues in our supply chain. | |
| OPS3 | My firm has processes to respond to security issues in our supply chain. | |
| OPS4 | My firm uses security audits to determine whether supplier relationships should be maintained. | |
| OPS5 | My firm audits the security procedures of contract manufacturers. | |
| | **Supply Chain Visibility** | |
| VIS1 | My firm has visibility on vulnerabilities originating from its supply chain partners. | Caridi et al. (2010) |

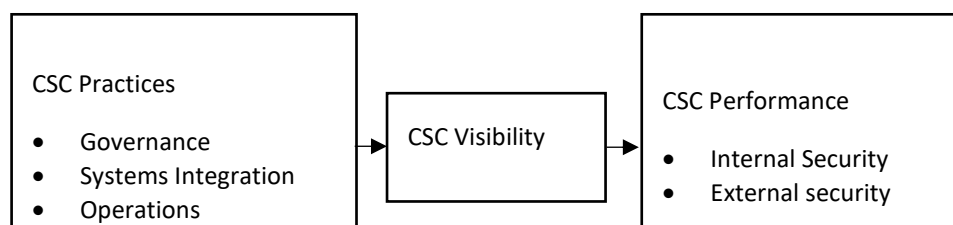| | | |
|---|---|---|
| VIS2 | My firm has visibility on possible intrusions before the cyber supply chain is compromised. | |
| VIS3 | My firm has visibility on the intrusion immediately after the cyber supply chain is compromised. | |
| VIS4 | My firm performs periodic vital checks to ensure the cyber supply chain runs correctly. | |
| **External Security** | | |
| X_SEC1 | My firm's supply chain partners have enforced proper physical controls (protecting physical facilities, data storage centres and premises from unauthorised entry, environmental dangers, etc.). | Sindhuja (2014) |
| X_SEC2 | My firm's supply chain partners have enforced access controls (password mechanisms, data, backup and network security, anti-virus solutions, etc.) to protect its information assets from unauthorised access, use, disclosure, modification, or destruction. | |
| X_SEC3 | My firm has well-documented policies and procedures for ensuring a secure flow of information with our supply chain partners | |
| X_SEC4 | My firm and supply chain partners keep each other informed of the events that may affect the other party. | |
| **Internal Security** | | |
| **I_SEC1** | My firm has proper access controls (password mechanisms, data, backup and network security, anti-virus solutions, etc.) to protect its information assets from unauthorised access, use, disclosure, disruption, modification, or destruction. | Sindhuja (2014) |
| **I_SEC2** | My firm has proper physical controls (protecting physical facilities, data storage centres and premises from unauthorised entry, environmental dangers, etc.). | |
| **I_SEC3** | My firm maintains a good cultural information security climate (attitudes, beliefs, norms, assumptions, awareness, training programs, etc.). | |
| **I_SEC4** | My firm has consistently enforced information security policies and procedures (policy statements, policy enforcement, personnel security, etc.). | |

CSC Practices

- Governance
- Systems Integration
- Operations

CSC Visibility

CSC Performance

- Internal Security
- External security

**Figure 1.** CSCRM theoretical framework
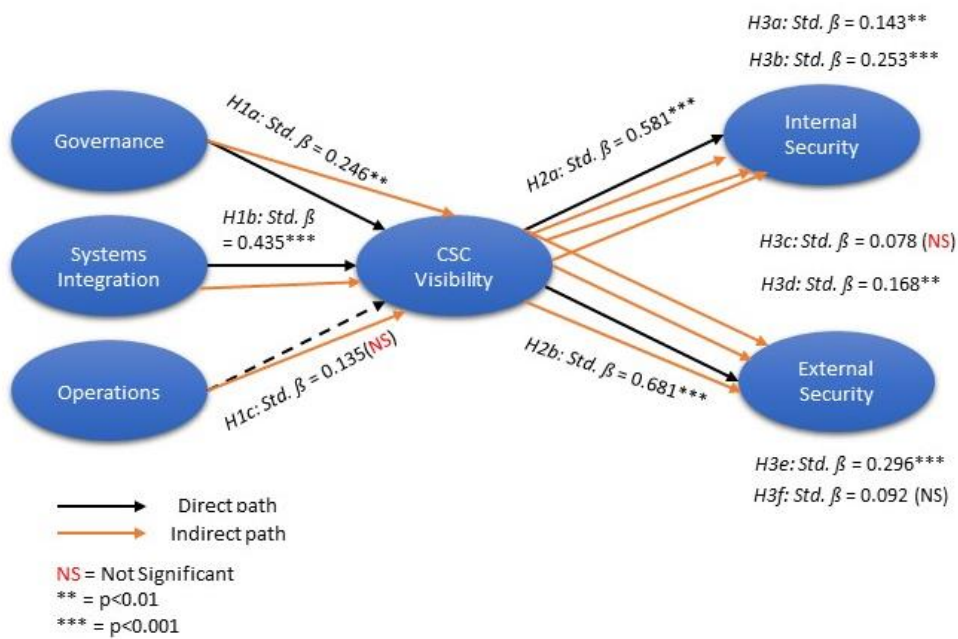


**Figure 2.** The path analysis with SmartPLS.

**Table 1.** Cybersecurity factors mapping against NIST maturity framework

| Author(s) | Cybersecurity factors | Maturity framework mapping |
|---|---|---|
| Kraemer et al. (2009) | Top management, organization culture | Governance |
| Puhakainen and Siponen (2010) | Top management, organization skill | |
| Hsu et al. (2012) | IT capability, top management support | Systems integration |
| Tang, Li and Zhang (2016) | Organization skills | Operations |
| Nagurney and Shukla (2017) | Collaboration with competitor | |
| Angst et al. (2017) | IT investment | Top management |
| Perez-Moron (2021) | Top management, relative advantage, technology, government policy and regulations | All : Governance, systems integration, operations |

**Table 2.** Firm's profile.

| Demographic | Categories | Frequency | Percent |
|---|---|---|---|
| ISO/IEC 27001 Certification | No | 102 | 78.5 |
| | Yes | 28 | 21.5 |
| Type of Industry | Automotive | 25 | 19.2 |
| | Electrical/Electronics | 47 | 36.2 |
| | Information's & Technology | 28 | 21.5 |
| | Semiconductor | 30 | 23.1 |
| Experienced cyberattacks? | Yes | 130 | 100 |
| Type of cyberattack experienced | Hacking (DDOS, Key Logging, Cookie Theft) | 10 | 7.7 |
| | Malware | 27 | 20.8 |
| | Phishing | 40 | 30.8 |
| | Spam | 53 | 40.8 |
| Most worrying cybersecurity issues | IoT sensor compromise | 34 | 26.2 |
| | Mismanagement of cloud access | 35 | 26.9 |
| | Physical device tampering | 13 | 10 |
| | Trusting data to a third-party vendor | 48 | 36.9 |


**Table 3.** EFA results of CSC Visibility.

| Items | Factor 1 (Loadings) |
|---|---|
| VIS1 | 0.830 |
| VIS2 | 0.892 |
| VIS3 | 0.855 |
| VIS4 | 0.886 |
| KMO | 0.819 |
| Chi-Square | 292.177*** |
| Eigenvalue | 3.001 |
| Variance | 75.026% |

*Note: \*\*\*p<0.001; Extraction Method: Principal Component Analysis*

**Table 4.** Convergent validity.

| Construct | Item | Loadings | CR | AVE |
|---|---|---|---|---|
| Governance | GVN1 | 0.918 | 0.971 | 0.870 |
| | GVN2 | 0.917 | | |
| | GVN3 | 0.959 | | |
| | GVN4 | 0.929 | | |
| | GVN5 | 0.940 | | |
| Operations | OPS1 | 0.831 | 0.875 | 0.585 |
| | OPS2 | 0.796 | | |
| | OPS3 | 0.719 | | |
| | OPS4 | 0.759 | | |
| | OPS5 | 0.713 | | |
| Systems Integration | SI1 | 0.946 | 0.974 | 0.880 |
| | SI2 | 0.955 | | |
| | SI3 | 0.953 | | |
| | SI4 | 0.964 | | |
| | SI5 | 0.870 | | |
| Visibility | VIS1 | 0.827 | 0.923 | 0.750 |
| | VIS2 | 0.888 | | |
| | VIS3 | 0.849 | | |
| | VIS4 | 0.897 | | |
| Internal Security | I_SEC1 | 0.871 | 0.895 | 0.682 |
| | I_SEC2 | 0.731 | | |
| | I_SEC3 | 0.853 | | |
| | I_SEC4 | 0.841 | | |
| External Security | X_SEC1 | 0.726 | 0.857 | 0.600 |
| | X_SEC2 | 0.776 | | |
| | X_SEC3 | 0.796 | | |
| | X_SEC4 | 0.798 | | |

**Table 5.** Heterotrait-Monotrait Ratio of Correlations (HTMT).

| | [1] | [2] | [3] | [4] | [5] | [6] |
|---|---|---|---|---|---|---|
| External security [1] | | | | | | |
| Governance [2] | 0.664 | | | | | |
| Internal security [3] | 0.88 | 0.507 | | | | |
| Operations [4] | 0.479 | 0.518 | 0.314 | | | |
| Systems integration [5] | 0.637 | 0.733 | 0.516 | 0.668 | | |
| Visibility [6] | 0.803 | 0.665 | 0.659 | 0.562 | 0.739 | |

Table 6. Hypothesis result (direct).

| Hypothesis | Path | Std. ß | Std. Error | t-value | p-value | Decision | VIF | $f^2$ | $R^2$ | $Q^2$ |
|---|---|---|---|---|---|---|---|---|---|---|
| H1a | Governance -> CSC Visibility | 0.246 | 0.246 | 2.835 | 0.005 | Accept | 2.020 | 0.064 | 0.527 | 0.379 |
| H1b | Systems Integration -> CSC Visibility | 0.435 | 0.434 | 3.642 | p<0.001 | Accept | 2.544 | 0.157 | | |
| H1c | Operations -> CSC Visibility | 0.135 | 0.139 | 1.452 | 0.147 | **Reject** | 1.697 | 0.023 | | |
| H2a | CSC Visibility -> Internal Security | 0.581 | 0.586 | 11.145 | p<0.001 | Accept | 1.000 | 0.509 | | |
| H2b | CSC Visibility -> External Security | 0.681 | 0.688 | 12.449 | p<0.001 | Accept | 1.000 | 0.866 | 0.464 | 0.262 |

Table 7. Hypothesis result (indirect).

| Hypothesis | Path | Std. ß | Std. Error | t-value | p-value | Decision |
|---|---|---|---|---|---|---|
| H3a | Governance -> CSC Visibility -> Internal Security | 0.143 | 0.145 | 2.615 | 0.009 | Accept |
| H3b | Systems Integration -> CSC Visibility -> Internal Security | 0.253 | 0.255 | 3.365 | p<0.001 | Accept |
| H3c | Operations -> CSC Visibility -> Internal Security | 0.078 | 0.081 | 1.461 | 0.145 | **Reject** |
| H3d | Governance -> CSC Visibility -> External Security | 0.168 | 0.17 | 2.665 | 0.008 | Accept |
| H3e | Systems Integration -> CSC Visibility -> External Security | 0.296 | 0.297 | 3.688 | p<0.001 | Accept |
| H3f | Operations -> CSC Visibility -> External Security | 0.092 | 0.097 | 1.374 | 0.170 | **Reject** |