

**PRESS RELEASE**

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**Supply Chain Managers Concerned about Economic Risks and Cybersecurity in 1<sup>st</sup> Quarter of 2023**  
High energy costs, labor shortages and cyber-attacks stand out in the latest Lehigh Business Supply Chain Risk Management Index.

[Lehigh Business Supply Chain Risk Management Index](#) for the first quarter of 2023, is showing economic risk and cybersecurity are the two highest risks for the second quarter in a row. This suggests supply chain professionals are still worried about increasing energy costs and labor shortages as well as cyber-attacks and data corruption based on the responses of supply chain professionals who participated in the LRMI survey.



The average overall risk index increased only slightly for the fourth quarter compared to the previous quarter when, for the first time in the last two years, the LRMI showed a reduction in all 10 categories of supply chain risk. The total average risk index for the first quarter of 2023 is 66.96, compared to the one year low of 65.04 at the end of 2022.

“Interestingly, government intervention, which was ranked third last quarter, has dropped significantly in risk,” said [Zach G. Zacharia, Ph.D.](#), associate professor of supply chain management and director of the Center for Supply Chain Research at Lehigh. “There is less worry about new regulations, while customer risk and supplier risk increased from last quarter.”

The LRMI identified the top four risk categories for the first quarter of 2023 as economic, cyber-security, customer and supplier risk. The other six categories, in order of concern, are government intervention, transportation, technological, operational, environmental and quality risk.

“There are concerns that the worldwide inflationary environment will cause a recession in 2023,” said Zacharia. “The European Union and UK are facing high inflation and fuel shortages while China is facing reduced economic growth from their zero Covid policies.”

According to Zacharia, the LRMI allows executives and supply chain managers to look ahead and prepare for risks that will become important in planning for the next quarter.

A unique aspect of the LRMI is that the quarterly reports include a sampling of candid comments from supply chain managers about each risk category that takes you beyond the numbers. Comments from the new fourth quarter report include:

- Increased volume at our plant means a huge increased demand for labor, which is already a problem.
- Global macro factors like war in Ukraine and oil output are key price drivers and remain at high risk levels.
- With job reduction and higher turnover, there is a likelihood of a loosening of adherence to IT policy, opening the door to cyber criminals
- The impact of a hack in 2021 was disastrous and this was despite plenty of security precautions and anti-malware software.
- Consumer demands are changing and retailers have the wrong inventory.
- China as a single source will be reevaluated, causing shifts in manufacturing location.
- [Read more comments.](#)

The LRMI was developed by the [Center for Supply Chain Research at Lehigh University](#) and the [Council of Supply Chain Management Professionals](#) in order to rank 10 broad categories of supply chain risks.

LRMI reports are available every quarter in March, June, Sept. and Dec.

To get the latest report for free and to find out how supply chain managers can take the LRMI survey for the next quarter go to: [business.lehigh.edu/LRMI](http://business.lehigh.edu/LRMI).

**About the Center for Supply Chain Research at Lehigh**

CSCRL bridges theory and practice to promote a collaborative exchange of ideas on critical issues affecting supply chain management. By leveraging Lehigh's faculty, students, alumni and industry partners, the Center brings the latest developments in research and best practices together to generate new ideas for education and future knowledge in the field of supply chain management. [Learn more](#).

**About the Council of Supply Chain Management Professionals**

CSCMP's mission is to connect, educate and develop the world's supply chain management professionals throughout their careers. No matter where you are in your career development, CSCMP has the resources and network to help you achieve your goals. [Learn more](#).