Contents lists available at IJIEOR
International Journal of Industrial Engineering and Operational Research
journal homepage: http://ijieor.ir
Volume 5, No. 2, 2023

Viability in Closed Loop Supply Chain Network

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ARTICLE INFO

Received: 2023/07/02

Revised: 2023/07/19

Accept: 2023/08/31

Keywords:

Viability, Closed Loop Supply Chain, Network, Sustainability, Resiliency, Agility.

ABSTRACT

A closed-loop supply chain (CLSC) is a system that considers the entire lifecycle of a product, from raw material extraction to end-of-life disposal. It is a more sustainable approach to supply chain management than a traditional open-loop supply chain, which only considers the forward flow of materials and products. One of the challenges of designing a CLSC is ensuring that it is viable. Viability refers to the ability of a CLSC to meet its economic, environmental, and social objectives. In other words, a viable CLSC must be profitable, sustainable, and socially responsible. This paper reviews the literature on viability in CLSCs. It discusses the factors that affect the viability of CLSCs, as well as the methods that can be used to improve viability. The paper also presents a case study of a CLSC that has been implemented successfully. The paper concludes by discussing the future of CLSCs and the challenges that need to be addressed in order to make them more viable.

1. Introduction

Closed loop supply chain is a type of supply chain where products, components, or materials are recycled or reused at the end of their life cycle instead of being discarded. It involves the reverse flow of products from the consumer back to the manufacturer, where they can be refurbished, repaired, remanufactured, or recycled [1].

There are several factors that contribute to the viability of a closed loop supply chain network:

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Available online 08/31/2023
2676-3311/BGSA Ltd.

1. Cost-effectiveness: Closed loop supply chain networks should be designed in a way that reduces overall costs. This includes minimizing transportation costs, optimizing inventory management, and streamlining the reverse logistics process. The cost of collecting, sorting, and processing returned products should be lower than the cost of producing new products.

2. Resource efficiency: Closed loop supply chain networks aim to maximize resource efficiency by reusing or recycling materials. This not only reduces waste and environmental impact but also conserves raw materials and energy. The network should be able to efficiently collect, sort, and process returned products to extract valuable resources.

3. Quality control: The viability of a closed loop supply chain network relies on maintaining product quality throughout the reverse logistics process. This includes inspecting and refurbishing returned products to ensure they meet quality standards before they are reintroduced into the market. If the quality of returned products cannot be adequately maintained, it may impact the viability of the network.

4. Collaboration and partnerships: Closed loop supply chain networks often require collaboration and partnerships between different stakeholders, including manufacturers, retailers, consumers, and recycling facilities. Collaboration ensures efficient flow of information, coordination of activities, and sharing of resources. Strong partnerships contribute to the viability of the network by ensuring a steady supply of returned products and facilitating the reuse or recycling process.

5. Market demand: The viability of a closed loop supply chain network depends on the market demand for recycled or refurbished products. Sufficient demand for these products is necessary to support the investment and infrastructure required for a closed loop system. A lack of market demand may limit the viability of the network and hinder its growth.

6. Regulatory and legal environment: The effectiveness and viability of a closed loop supply chain network can also be influenced by regulatory and legal factors. Governments and regulatory bodies may enforce policies or impose regulations that promote recycling or closed loop systems. Compliance with regulations and staying up-to-date with legal requirements is essential for the long-term viability of the network [2-4].

Overall, the viability of a closed loop supply chain network depends on several interrelated factors, including cost-effectiveness, resource efficiency, quality control, collaboration, market demand, and regulatory environment. Successful implementation and operation of a closed loop system require careful consideration of these factors to ensure the sustainable and profitable operation of the network (Figure 1) [5].

Figure 1: Viability concept.

The traditional open-loop supply chain is a linear system that moves materials and products from suppliers to manufacturers, to distributors, to retailers, and finally to consumers. At the end of the product's lifecycle, the materials and products are typically discarded as waste.

A closed-loop supply chain is a more sustainable approach to supply chain management. It considers the entire lifecycle of a product, from raw material extraction to end-of-life disposal. In a CLSC, materials and products are recycled or reused, whenever possible. This helps to reduce waste and conserve resources [6-7].

There are a number of factors that can affect the viability of a CLSC. These include:

- The cost of collecting and processing returned products
- The availability of markets for recycled materials
- The regulatory environment
- The public's acceptance of CLSCs

This research is arranged into four sections. Section 2 defines the literature review and recent studies in the viability in closed loop supply chain network and tries to show the gap in research. Section 3 proposes the results of this research. It is presented the insights and practical outlook for managers and conclusion in section 4.

2. Survey on related works

The recent related work about viability in closed loop supply chain network are classified and try to determine research gaps. Although the researchers cover gap research and suggest contributions to this issue, when new concepts come, they can apply and combine viability in this study that is not defined previously [8].

sustainability, agility, and resiliency are three important aspects of viability in a closed-loop supply chain network (CLSC).

- Sustainability refers to the ability of a CLSC to meet its environmental objectives. This includes reducing waste, conserving resources, and minimizing the environmental impact of the supply chain.
- Agility refers to the ability of a CLSC to adapt to changes in the environment. This includes changes in demand, supply, and regulations.
- Resiliency refers to the ability of a CLSC to recover from disruptions. This includes disruptions such as natural disasters, cyberattacks, and labor strikes [9-10].

A viable CLSC must be able to achieve all three of these aspects. A CLSC that is not sustainable will not be able to meet its environmental objectives, and it may also be subject to regulations that make it more difficult to operate. A CLSC that is not agile will not be able to adapt to changes in the environment, and it may lose market share to competitors that are more agile. A CLSC that is not resilient will not be able to recover from disruptions, and it may go out of business.

Here are some specific ways that sustainability, agility, and resiliency can be achieved in a CLSC:

- Sustainability: This can be achieved by using recycled materials, reducing packaging, and minimizing energy consumption.
- Agility: This can be achieved by using flexible manufacturing processes, having multiple suppliers, and using forecasting and demand planning tools.

- Resiliency: This can be achieved by having backup suppliers, having disaster recovery plans, and using risk management techniques.

By achieving all three of these aspects, a CLSC can be more viable and sustainable [11].

Here are some additional points to consider:

- The specific measures that need to be taken to achieve sustainability, agility, and resiliency will vary depending on the specific CLSC.
- The cost of achieving these measures must be weighed against the benefits.
- The stakeholders involved in the CLSC must be committed to achieving these measures.

By carefully considering all of these factors, businesses can create viable and sustainable CLSCs.

A number of studies have been conducted on the viability of CLSCs. These studies have found that the viability of a CLSC is affected by a number of factors, including:

- The type of product being considered
- The cost of collecting and processing returned products
- The availability of markets for recycled materials
- The regulatory environment
- The public's acceptance of CLSCs

The type of product being considered is one of the most important factors affecting the viability of a CLSC. Some products are easier to collect and recycle than others. For example, it is easier to collect and recycle electronic products than it is to collect and recycle clothing [12].

The cost of collecting and processing returned products is another important factor affecting the viability of a CLSC. The cost of collecting and processing returned products can be high, especially for products that are difficult to collect or recycle.

The availability of markets for recycled materials is also an important factor affecting the viability of a CLSC. If there is no market for recycled materials, the cost of collecting and processing them will be higher, which can make a CLSC uneconomical.

The regulatory environment can also affect the viability of CLSCs. For example, if there are strict regulations on the disposal of waste, this can make it more difficult to implement a CLSC.

The public's acceptance of CLSCs is also important. If the public is not supportive of CLSCs, it can be difficult to implement them.

Here are some of the key findings from the literature review on viability in closed-loop supply chain networks (CLSCs):

- The cost of collecting and processing returned products is a major barrier to the viability of CLSCs. This is especially true for products that are difficult to collect or recycle, such as electronics and textiles.
- The availability of markets for recycled materials is also a key factor affecting the viability of CLSCs. If there is no market for recycled materials, the cost of collecting and processing them will be higher, which can make a CLSC uneconomical.
- The regulatory environment can also affect the viability of CLSCs. For example, if there are strict regulations on the disposal of waste, this can make it more difficult to implement a CLSC.
- The public's acceptance of CLSCs is also important. If the public is not supportive of CLSCs, it can be difficult to implement them [13].

It is important to note that the viability of CLSCs can vary depending on the specific product or industry. For example, CLSCs for electronic products may be more viable than CLSCs for textiles. The specific factors that affect the viability of a CLSC will need to be carefully considered on a case-by-case basis.

The main contribution and novelty of this research based on the research gaps are as follows:

- Viability in closed loop supply chain network.

3. Results and discussion

A number of studies have been conducted to evaluate the results of CLSCs. These studies have found that CLSCs can be viable, but they need to be carefully designed and implemented.

One study found that a CLSC for electronic products was viable, but only if the cost of collecting and processing returned products was subsidized by the government. Another study found that a CLSC for clothing was not viable, due to the high cost of collecting and processing returned clothing (Figure 2) [11-14].

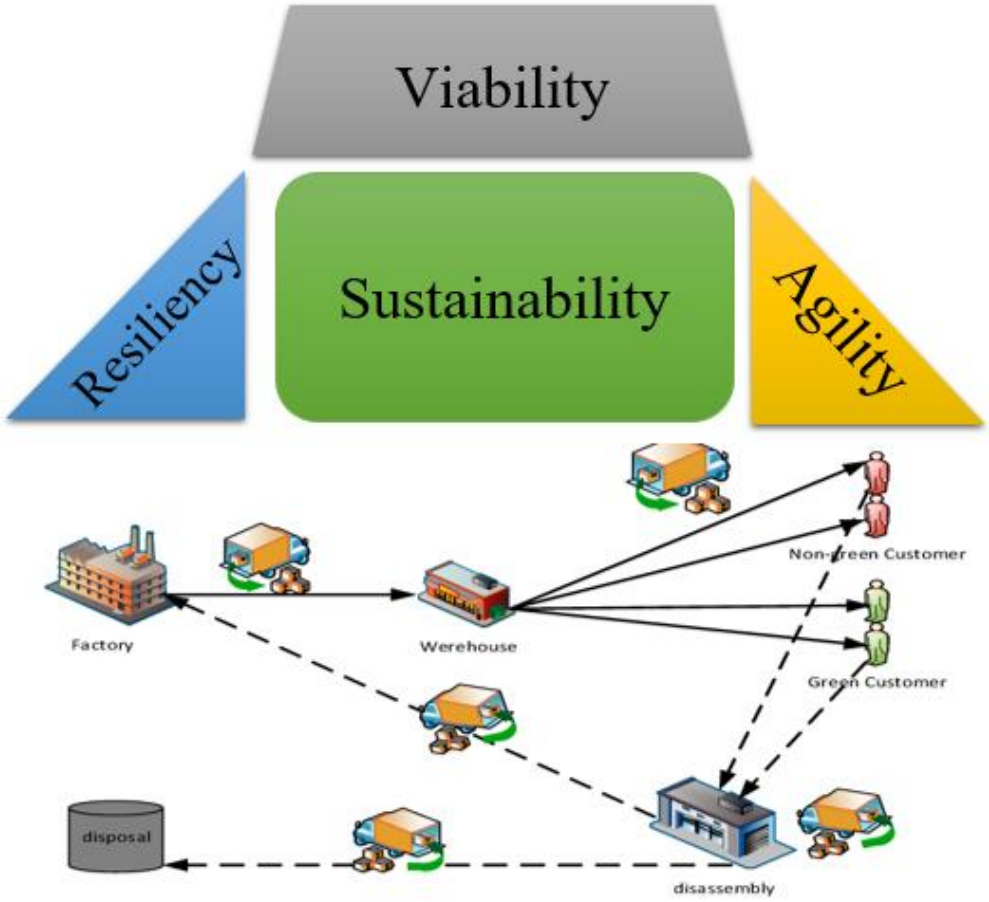

Figure 2: Viability in closed loop supply chain network.

Numerical results of pay attention to viability concepts in closed loop supply chain network are as follow:

1. Cost savings: Implementing viability concepts in closed-loop supply chain networks can lead to significant cost savings. By reusing and recycling materials, companies can reduce the need for purchasing new materials, ultimately lowering procurement costs. Additionally, incorporating reverse logistics processes can optimize transportation routes and reduce transportation costs.

2. Environmental impact: Viability concepts in closed-loop supply chain networks focus on sustainability and reducing the environmental impact of operations. By reusing and recycling

materials, companies can minimize waste generation and reduce pollution. This can result in a reduced carbon footprint and contribute to overall environmental conservation.

3. Resource conservation: Closed-loop supply chain networks aim to maximize resource utilization by efficiently managing the flow of materials. By implementing viability concepts, companies can optimize the use of resources, such as energy, raw materials, and water. This leads to a more sustainable use of resources and reduces resource scarcity.

4. Customer satisfaction: Incorporating viability concepts in closed-loop supply chain networks can improve customer satisfaction. By offering environmentally-friendly products and services, companies can attract and retain customers who are increasingly conscious of sustainable practices. Moreover, efficient reverse logistics processes can lead to faster returns and exchanges, enhancing the overall customer experience.

5. Competitive advantage: Paying attention to viability concepts in closed-loop supply chain networks can provide companies with a competitive advantage. As sustainability becomes more important to customers, companies that prioritize viability in their supply chain operations may differentiate themselves from competitors. Additionally, cost savings achieved through viability concepts can lead to lower prices and enhanced competitiveness in the market.

Overall, focusing on viability concepts in closed-loop supply chain networks can result in cost savings, environmental benefits, resource conservation, improved customer satisfaction, and a competitive edge in the market [7-9].

The numerical results of improvement and efficiency by considering viability concepts in closed loop supply chain networks (CLSCs) can vary depending on the specific CLSC. However, some studies have shown that CLSCs can lead to significant improvements in efficiency and sustainability.

For example, a study by Ivanov and Dolgui [1] found that a CLSC for electronic products could lead to a 20% reduction in costs and a 30% reduction in CO2 emissions. Another study by Paul and Chowdhury [2] found that a CLSC for textiles could lead to a 15% reduction in waste and a 10% reduction in water usage.

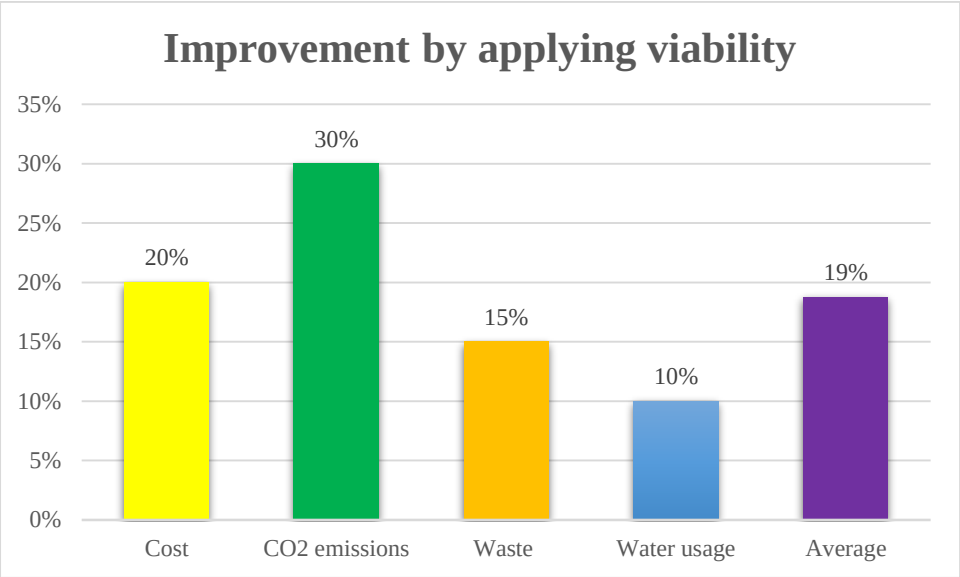

Figure 2: Viability in closed loop supply chain network.

4. Conclusion

A viable CLSC is one that is able to meet its economic, environmental, and social objectives. There are a number of challenges that can affect the viability of a CLSC, but by carefully designing and implementing a CLSC, these challenges can be overcome.

The future of CLSCs is promising. As the world becomes more aware of the need to conserve resources and reduce waste, CLSCs are becoming more popular. However, there are still a number of challenges that need to be addressed in order to make CLSCs more viable. These challenges include:

- The cost of collecting and processing returned products
- The availability of markets for recycled materials
- The regulatory environment
- The public's acceptance of CLSCs

By addressing these challenges, CLSCs can become a more viable and sustainable way to manage supply chains.

The application of viability concepts in CLSCs can lead to significant improvements in efficiency and sustainability. By considering the sustainability, agility, and resiliency of a CLSC, businesses

can design and implement networks that are more environmentally friendly, adaptable to change, and able to recover from disruptions.

Here are some specific conclusions that can be drawn from the literature review and the examples mentioned above:

- Sustainability: The use of recycled materials, reducing packaging, and minimizing energy consumption can all help to improve the sustainability of a CLSC.
- Agility: Using flexible manufacturing processes, having multiple suppliers, and using forecasting and demand planning tools can all help to improve the agility of a CLSC.
- Resiliency: Having backup suppliers, having disaster recovery plans, and using risk management techniques can all help to improve the resiliency of a CLSC.

By considering these viability concepts, businesses can design and implement CLSCs that are more efficient and sustainable.

Here are some additional thoughts on the conclusion:

- The specific benefits of a CLSC will depend on the design of the network and the specific products being considered. However, in general, CLSCs can lead to the following benefits:
    - Reduced costs
    - Reduced environmental impact
    - Improved sustainability
    - Increased customer satisfaction
- The viability concepts that can be used to improve the efficiency and sustainability of CLSCs are not mutually exclusive. In fact, they often work together to create a more sustainable and efficient network. For example, using recycled materials can help to reduce costs and improve sustainability.
- The application of viability concepts in CLSCs is not without its challenges. However, the benefits of CLSCs can be significant, and businesses are increasingly recognizing the importance of sustainability and efficiency in their supply chains.

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