Advances in Production Engineering & Management

Volume 19 | Number 1 | March 2024 | pp 093–107 https://doi.org/10.14743/apem2024.1.495 ISSN 1854-6250

Journal home: apem-journal.org
Original scientific paper

Evolutionary game analysis of green innovation in E-commerce closed-loop supply chain WEEE recycling

Ma, R.M.a, Yao, L.F.b, Wang, H.c,*

^aSchool of Management, Guangzhou University, Guangzhou 510006, P.R. China

^bSchool of Geography and Tourism, Guangdong University of Finance and Economics, Guangzhou 510320, P.R. China

^cSchool of Finance, Guangdong University of Finance and Economics, Guangzhou 510320, P.R. China

ABSTRACT

The accumulation of waste electrical and electronic equipment (WEEE) has become a critical global issue. E-commerce platforms offer new opportunities for WEEE recycling, making it a subject of interest for researchers. This study focuses on the E-commerce Closed-Loop Supply Chain (E-CLSC) WEEE recycling system, led by remanufacturers, and develops a dual-sided evolutionary game model with remanufacturers and platforms as participants. The model considers the influence of factors such as green innovation, service level, recycling price, and government subsidies. A profit matrix is constructed to analyze the strategic choices of remanufacturers and platforms. Then, this paper conducts a simulation using MATLAB, obtaining data based on the sales and recycling prices of smartphones. Based on evolutionary numerical analysis, the following findings were obtained: (1) Government subsidy policies are formulated based on the required investments for green innovation and service levels, which differ at each stage. (2) The decision of whether remanufacturers engage in green innovation depends largely on the extent to which the technology can reduce remanufacturing costs. They are more inclined to choose green innovation if it can significantly lower costs. (3) Consumer sensitivity to recycling prices also influences the strategic choices of remanufacturers. The more sensitive consumers are to prices, the more waste products remanufacturers can recycle, making green innovation more attractive.

ARTICLE INFO

Keywords:
Recycling;
Waste electrical and electronic equipment (WEEE);
E-commerce;
Closed-loop supply chain;
Green innovation;
Evolutionary game;
Decision-making;
MATLAB

*Corresponding author: wanghua1012@gdufe.edu.cn (Wang, H.)

Article history: Received 8 January 2024 Revised 17 January 2024 Accepted 7 February 2024



Content from this work may be used under the terms of the Creative Commons Attribution 4.0 International Licence (CC BY 4.0). Any further distribution of this work must maintain attribution to the author(s) and the title of the work, journal citation and DOI.

References

- [1] Jian, L., Zhen, W., Bao, J., Taebok, K. (2017). Coordination strategies in a three-echelon reverse supply chain for economic and social benefit, *Applied Mathematical Modelling*, Vol. 49, 599-611, doi: 10.1016/j.apm.2017.04.031.
- [2] Rahmanda, B., Njatrijani, R., Fadillah, R. (2023). Environmental policy in managing e-waste recycling: Promoting a clean environment in public policy, *International Journal of Sustainable Development and Planning*, Vol. 18, No. 1, 121-126, doi: 10.18280/ijsdp.180112.
- [3] Rifa'i, A., Raharja, S.J., Rivani, R., Purbasari, R. (2023). One decade research in the field of business ecosystem: A bibliometric analysis, *International Journal of Sustainable Development and Planning*, Vol. 18, No. 4, 1219-1226, doi: 10.18280/ijsdp.180426.
- [4] de Oliveira, B.O.S., de Medeiros, G.A., Paes, M.X., ManCini, S.D. (2021). Integrated municipal and solid waste management in the amazon: Addressing barriers and challenges in using the Delphi method, *International Journal of Environmental Impacts*, Vol. 4, No. 1, 49-61, doi: 10.2495/EI-V4-N1-49-61.
- [5] Oyewale, J.A., Tartibu, L.K., Okokpujie, I.P. (2023). A review and bibliometric analysis of sorting and recycling of plastic wastes, *International Journal of Design & Nature and Ecodynamics*, Vol. 18, No. 1, 63-74, doi: 10.18280/ijdne.180107.

- [6] Forti, V., Baldé, C.P., Kuehr, R., Bel, G. (2020). The global e-waste monitor 2020: Quantities, flows and the circular economy potential, Global e-waste key statistics, International Telecommunication Union (ITU) & International Solid Waste Association (ISWA), Bonn/Geneva/Rotterdam, from https://collections.unu.edu/eserv/UNU:7737/GEM 2020 def july1.pdf, accessed January 3, 2024.
- [7] Owusu-Sekyere, K., Batteiger, A., Afoblikame, R., Hafner, G., Kranert, M. (2022). Assessing data in the informal e-waste sector: The Agbogbloshie Scrapyard, Waste Management, Vol. 139, 158-167, doi: 10.1016/j.wasman. 2021.12.026.
- [8] Ling, M., Xu, L., Chu, X. (2023). Heterogeneous effects of other-regarding interventions on household recycling: A field experimental study, *Journal of Environmental Management*, Vol. 329, Article No. 117102, doi: 10.1016/j.jenvman.2022.117102.
- [9] Wang, Y.L., Yang, L., Chen, J.H., Li, P. (2023). Supply chain game analysis based on mean-variance and price risk aversion under different power structures, *Advances in Production Engineering & Management*, Vol. 18, No. 1, 104-115, doi: 10.14743/apem2023.1.460.
- [10] Xu, G.Y., Liu, H., Duan, H.W. (2022). Cause-related marketing strategy in a supply chain: A theoretical analysis and a case study, *Advances in Production Engineering & Management*, Vol. 17, No. 4, 479-493, doi: 10.14743/apem2022.4.450.
- [11] Pathak, P., Srivastava, R.R., Ojasvi. (2017). Assessment of legislation and practices for the sustainable management of waste electrical and electronic equipment in India, *Renewable and Sustainable Energy Reviews*, Vol. 78, 220-232, doi:10.1016/j.rser.2017.04.062.
- [12] Fang, I.W., Lin, W.-T. (2021). A multi-objective optimal decision model for a green closed-loop supply chain under uncertainty: A real industrial case study, *Advances in Production Engineering & Management*, Vol. 16, No. 2, 161-172, doi: 10.14743/apem2021.2.391.
- [13] Wang, Q., Li, B., Chen, B., Cheng, Y., Wang, Z. (2021). Implication of take-back and carbon emission capacity regulations on remanufacturing in a competitive market, *Journal of Cleaner Production*, Vol. 325, Article No. 129231, doi: 10.1016/j.jclepro.2021.129231.
- [14] Dhanorkar, S., Muthulingam, S. (2020). Do e-waste laws create behavioral spillovers? Quasi-experimental evidence from California, *Production and Operations Management*, Vol. 29, No. 7, 1738-1766, doi: 10.1111/poms.13182.
- [15] Shittu, O.S., Williams, I.D., Shaw, P.J. (2021). Global E-waste management: Can WEEE make a difference? A review of e-waste trends, legislation, contemporary issues and future challenges, *Waste Management*, Vol. 120, 549-563, doi: 10.1016/j.wasman.2020.10.016.
- [16] Yang, L., Guo, J., Zhang, C., Wan, P., Li, H. (2022). Optimization of location-routing for the waste household appliances recycling logistics under the uncertain condition, *Tehnički Vjesnik Technical Gazette*, Vol. 29, No. 1, 127-138, doi: 10.17559/TV-20210623085943.
- [17] Salhofer, S., Steuer, B., Ramusch, R., Beigl, P. (2016). WEEE management in Europe and China A comparison, *Waste Management*, Vol. 57, 27-35, doi: 10.1016/j.wasman.2015.11.014.
- [18] Li, B., Wang, Q., Chen, B., Sun, T., Wang, Z., Cheng, Y. (2022). Tripartite evolutionary game analysis of governance mechanism in Chinese WEEE recycling industry, *Computers & Industrial Engineering*, Vol. 167, Article No. 108045, doi: 10.1016/j.cie.2022.108045.
- [19] Liu, J., Zhai, X., Chen, L. (2019). Optimal pricing strategy under trade-in program in the presence of strategic consumers, *Omega*, Vol. 84, 1-17, doi: 10.1016/j.omega.2018.03.005.
- [20] Yang, R., Tang, W., Zhang, J. (2021). Technology improvement strategy for green products under competition: The role of government subsidy, *European Journal of Operational Research*, Vol. 289, No. 2, 553-568, doi: 10.1016/j.ejor.2020.07.030.
- [21] He, P., He, Y., Xu, H. (2019). Channel structure and pricing in a dual-channel closed-loop supply chain with government subsidy, *International Journal of Production Economics*, Vol. 213, 108-123, doi: 10.1016/j.ijpe.2019. 03.013.
- [22] Gong, H., Wang, M.Q., Wang, H. (2013). New energy vehicles in China: Policies, demonstration, and progress, *Mitigation and Adaptation Strategies for Global Change*, Vol. 18, 207-228, doi: 10.1007/s11027-012-9358-6.
- [23] National development and reform commission (NDRC) People's Republic of China. Implementation plan for further improving the market oriented green technology innovation system (2023-2025), from https://www.ndrc.gov.cn/xxgk/zcfb/tz/202212/t202212/8 1344205.html, accessed December 11, 2022.
- [24] Dhanorkar, S., Donohue, K., Linderman, K. (2015). Repurposing materials and waste through online exchanges: Overcoming the last hurdle, *Production & Operations Management*, Vol. 24, No. 9, 1473-1493, doi: 10.1111/poms.12345.
- [25] Mansyur, A., Subrahmanyam, S., Ponkratov, V., Zonyfar, C., Akhmadeev, R., Manoharan, K. (2022). A new mathematical model for the integration of production and distribution in mobile centers, *Mathematical Modelling of Engineering Problems*, Vol. 9, No. 6, 1466-1470, doi: 10.18280/mmep.090604.
- [26] Wang, Y., Yu, Z., Shen, L., Dong, W. (2021). Impacts of altruistic preference and reward-penalty mechanism on decisions of E-commerce closed-loop supply chain, *Journal of Cleaner Production*, Vol. 315, Article No. 128132, doi: 10.1016/j.jclepro.2021.128132.
- [27] Sarkar, B., Ullah, M., Sarkar, M. (2022). Environmental and economic sustainability through innovative green products by remanufacturing, *Journal of Cleaner Production*, Vol. 332, Article No. 129813, doi: 10.1016/j.jclepro. 2021.129813.
- [28] Zhou, X., Liu, Z., Liu, J., Ku, Z. (2022). The choice of cooperative technology innovation strategies in a supply chain under governmental subsidy, *RAIRO Operations Research*, Vol. 56, No. 4, 2669-2700, doi: 10.1051/ro/2022121.
- [29] Zheng, X., Govindan, K., Deng, Q., Feng, L. (2019). Effects of design for the environment on firms' production and remanufacturing strategies, *International Journal of Production Economics*, Vol. 213, 217-228, doi: 10.1016/j.ijpe.

2019.03.019.

- [30] Reimann, M., Xiong, Y., Zhou, Y. (2019). Managing a closed-loop supply chain with process innovation for remanufacturing, *European Journal of Operational Research*, Vol. 276, No. 2, 510-518, doi: 10.1016/j.ejor.2019.01. 028.
- [31] Lee, D. (2020). Who drives green innovation? A game theoretical analysis of a closed-loop supply chain under different power structures, *International Journal of Environmental Research and Public Health*, Vol. 17, No. 7, Article No. 2274, doi: 10.3390/ijerph17072274.
- [32] Ma, W.-M., Zhao, Z., Ke, H. (2013). Dual-channel closed-loop supply chain with government consumption-subsidy, *European Journal of Operational Research*, Vol. 226, No. 2, 221-227, doi: 10.1016/j.ejor.2012.10.033.
- [33] Wang, C., Nie, P.-Y., Peng, D.-H., Li, Z.-H. (2017). Green insurance subsidy for promoting clean production innovation, *Journal of Cleaner Production*, Vol. 148, 111-117, doi: 10.1016/j.jclepro.2017.01.145.
- [34] Liu, Y., Quan, B.-T., Xu, Q., Forrest, J.Y.-L. (2019). Corporate social responsibility and decision analysis in a supply chain through government subsidy, *Journal of Cleaner Production*, Vol. 208, 436-447, doi: 10.1016/j.jclepro.2018. 10.121.
- [35] Wan, N., Hong, D. (2019). The impacts of subsidy policies and transfer pricing policies on the closed-loop supply chain with dual collection channels, *Journal of Cleaner Production*, Vol. 224, 881-891, doi: 10.1016/j.jclepro.2019. 03.274.
- [36] Aldieri, L., Carlucci, F., Cirà, A., Ioppolo, G., Vinci, C.P. (2019). Is green innovation an opportunity or a threat to employment? An empirical analysis of three main industrialized areas: The USA, Japan and Europe, *Journal of Cleaner Production*, Vol. 214, 758-766, doi: 10.1016/j.jclepro.2019.01.016.
- [37] Huang, S., Fan, Z.-P., Wang, N. (2020). Green subsidy modes and pricing strategy in a capital-constrained supply chain, *Transportation Research Part E: Logistics and Transportation Review*, Vol. 136, Article No. 101885, <u>doi:</u> 10.1016/j.tre.2020.101885.
- [38] Guo, J., Yu, H., Gen, M. (2020). Research on green closed-loop supply chain with the consideration of double subsidy in e-commerce environment, *Computers & Industrial Engineering*, Vol. 149, Article No. 106779, doi: 10.1016/i.cie.2020.106779.
- [39] Zhou, Y., He, Z., Zhao, S. (2021). How do government subsidies affect the strategic choices of enterprises and individuals in agricultural waste recycling?, *Sustainable Production and Consumption*, Vol. 28, 1687-1698, doi: 10.1016/j.spc.2021.09.014.
- [40] Bai, S., Ge, L., Zhang, X. (2022). Platform or direct channel: Government-subsidized recycling strategies for WEEE, *Information Systems and e-Business Management*, Vol. 20, 347-369, doi: 10.1007/s10257-021-00517-4.
- [41] Lakhouit, A., Shaban, M., Alatawi, A., Abbas, S.Y.H., Asiri, E., Al Juhni, T., Elsawy, M. (2023). Machine-learning approaches in geo-environmental engineering: Exploring smart solid waste management, *Journal of Environmental Management*, Vol. 330, Article No. 117174, doi: 10.1016/j.jenvman.2022.117174.
- [42] Zhu, M., Li, X., Zhu, L., Zhan, X., Ma, J. (2021). Dynamic evolutionary games and coordination of multiple recycling channels considering online recovery platform, *Discrete Dynamics in Nature and Society*, Vol. 2021, Article Id. 9976157, doi: 10.1155/2021/9976157.
- [43] Lin, Y., Yu, Z., Wang, Y., Goh, M. (2023). Performance evaluation of regulatory schemes for retired electric vehicle battery recycling within dual-recycle channels, *Journal of Environmental Management*, Vol. 332, Article No. 117354, doi: 10.1016/j.jenvman.2023.117354.
- [44] Feng, L., Govindan, K., Li, C. (2017). Strategic planning: Design and coordination for dual-recycling channel reverse supply chain considering consumer behavior, *European Journal of Operational Research*, Vol. 260, No. 2, 601-612, doi: 10.1016/j.ejor.2016.12.050.
- [45] Li, C., Feng, L., Luo, S. (2019). Strategic introduction of an online recycling channel in the reverse supply chain with a random demand, *Journal of Cleaner Production*, Vol. 236, Article No. 117683, doi: 10.1016/j.jclepro. 2019.117683.
- [46] Wang, Y., Yu, Z., Shen, L., Jin, M. (2022). Operational modes of E-closed loop supply chain considering platforms' services, *International Journal of Production Economics*, Vol. 251, Article No. 108551, doi: 10.1016/j.ijpe.2022.108551.
- [47] Jia, D., Li, S. (2020). Optimal decisions and distribution channel choice of closed-loop supply chain when eretailer offers online marketplace, *Journal of Cleaner Production*, Vol. 265, Article No. 121767, doi: 10.1016/j.iclepro.2020.121767.
- [48] Zhang, X., Hou, W. (2022). The impacts of e-tailer's private label on the sales mode selection: From the perspectives of economic and environmental sustainability, *European Journal of Operational Research*, Vol. 296, No. 2, 601-614, doi: 10.1016/j.ejor.2021.04.009.
- [49] Matsui, K. (2022). Optimal timing of acquisition price announcement for used products in a dual-recycling channel reverse supply chain, *European Journal of Operational Research*, Vol. 300, No. 2, 615-632, doi: 10.1016/j.ejor.2021.08.010.
- [50] Wang, Y., Yu, Z., Shen, L. (2018). Study on the decision-making and coordination of an e-commerce supply chain with manufacturer fairness concerns, *International Journal of Production Research*, Vol. 57, No. 9, 2788-2808, <u>doi:</u> 10.1080/00207543.2018.1500043.
- [51] Basiri, Z., Heydari, J. (2017). A mathematical model for green supply chain coordination with substitutable products, *Journal of Cleaner Production*, Vol. 145, 232-249, doi: 10.1016/j.jclepro.2017.01.060.
- [52] Zhang, L., Wang, J., You, J. (2015). Consumer environmental awareness and channel coordination with two substitutable products, *European Journal of Operational Research*, Vol. 241, No. 1, 63-73, doi: 10.1016/j.ejor. 2014.07.043.
- [53] De Giovanni, P., Zaccour, G. (2019). Optimal quality improvements and pricing strategies with active and passive product returns, *Omega*, Vol. 88, 248-262, <u>doi: 10.1016/j.omega.2018.09.007</u>.

- [54] Wu, C.-H. (2012). Price and service competition between new and remanufactured products in a two-echelon supply chain, *International Journal of Production Economics*, Vol. 140, No. 1, 496-507, doi: 10.1016/j.ijpe.2012.06. 034.
- [55] Friedman, D. (1991). Evolutionary games in economics, *Econometrica* Vol. 59, No. 3, 637-666, doi: 10.2307/2938222.
- [56] Beijing municipal development and reform commission. Measures of Beijing municipality on further improving the market-oriented green technology innovation system, from https://fgw.beijing.gov.cn/gzdt/tztg/202111/tz0211104 2529410.htm, accessed January 7, 2024.
- [57] Lumpkin, G.T., Dess, G.G. (2001). Linking two dimensions of entrepreneurial orientation to firm performance: The moderating role of environment and industry life cycle, *Journal of Business Venturing*, Vol. 16, No. 5, 429-451, doi: 10.1016/S0883-9026(00)00048-3.