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Supplier Selection in the Sustainable Supply Chain: The **Application of Analytic Hierarchy Process and Fuzzy Data Envelopment Analysis**

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Abstract

of suppliers anymore due to the rapidly changing environment, and different perspectives are needed to be considered. The present paper aims to present a hybrid method based on fuzzy data envelopment analysis for sustainable supplier selection. At first, the criteria for sustainable supplier selection are derived from the relevant literature. Then, the hierarchy of the criteria and their preferential interrelations are specified by analytic hierarchy process. Eventually, the performance of the suppliers is evaluated using fuzzy data envelopment analysis. Sustainable Supplier Selection The presented DEA model has been inspired by the concept of ideal Data Envelopment Analysis and anti-ideal decision-making units (DMUs) in the evaluation of **Cross-Efficiency Evaluation** cross-efficiency. According to this concept, a DMU is efficient if it is Analytic Hierarchy Process close to the ideal DMU's performance and far from the anti-ideal DMU's performance.

The development and management of an effective and efficient supply chain involve the selection of the suppliers. Only economic criteria, including cost and delivery, once used to be considered in the process of supplier selection. But, they do not suffice for the evaluation

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INTRODUCTION

Supply chains are the key links connecting the inputs of an organization to its outputs (Kuo et al., 2010). Indeed, the supply chain is an interorganizational approach encompassing the supplier of the suppliers to the consumer of the consumers (Zhang et al., 2016). The supply chains have rapidly developed in recent years. Since the sheer focus on the economic performance to optimize the costs or capital return cannot ensure the development or sustainability of the supply chain (Hong et al., 2018; Mota et al., 2017), the concepts of sustainable supply chain management and green supply chain manage*ment* have emerged to lay emphasis on the significance of social and environmental concerns along with the economic factors in supply chain planning (Bastas & Liyanage, 2018; Bendul et al., 2017).

Today, many enterprises have progressed considerably owing to the application of the sustainable supply chain (Ding et al., 2018), and the sustainable supply chain management (SSCM) is regarded as a prerequisite for the sustainable success and the establishment of the competitive advantage for the firms (Hong et al., 2018; Moktadir et al., 2018). Sustainable supply chain considers, along with the economic benefits of the business, the social and environmental consequences of the activities and products of the supply chain across the process of the material and service flow between suppliers and customers including the purchase of material and the production, distribution, and sale of the goods (Osiro et al., 2018; Liu & Papageorgiou, 2013; Kuo et al., 2010).

In this regard, it is of crucial importance for the realization of the sustainable supply chain goals to select the supplier pool on the basis of the principles and parameters of sustainability (Buyukozkan & Berkol, 2011) so far as many regard the process of supplier selection as the most important variable in the effective management of the supply chain network (Chang et al., 2011; Wu & Blackhurst, 2009; Gonzalez et al., 2004). So, the selection of sustainable supplier and the effective management of the supplier selections are key factors in enhancing the competitiveness of the enterprises (Banaeian et al., 2018; Chang et al., 2011). Accordingly, procurement manager

should evaluate the performance of the suppliers periodically against some key indices and decide on the most appropriate supplier (Sarkis & Dhavale, 2015; Wu & Blackhurst, 2009).

Two issues are especially critical when it comes to the decision on the supplier selection. The first question concerns with what criteria to use and the next concerns with what procedures to follow for the assessment and selection of the suppliers. The selection of supplier(s) has never been an easy task because of the multiplicity of the evaluation criteria (Yang & Chen, 2006; Weber, 1991). This is also because of the fact that each supplier can meet only a part of the purchaser's criteria (Keshavarz et al., 2017; Igarashi et al., 2013). So, their selection requires a structured, systemic approach without which this crucial decision is likely to fail (Hasehmi et al., 2015). Therefore, the selection of the effective supplier needs a capable analysis model and decision support tools to help make a balance between multiple subjective and objective criteria (Bhattacharya et al., 2010; Kahraman et al., 2003) Supplier selection is a multivariate decision-making process that generally concerns with the assessment of supplier performance against a set of criteria. In the past, only economic criteria were included in the evaluations; however, the increased environmental costs and greenhouse gases emission have now embedded the environmental and social criteria within this process, too.

The selection of the right criteria is a major challenge in the supplier evaluation process. Three aspects are of the crucial importance in specifying the criteria for the sustainable supplier selection: economic, environmental, and social. Research shows that various criteria have been involved in supplier selection in economic aspect. In a first attempt, Dickson (1966) identified 23 features preferred by the purchase agents and managers in the US and Canada for the evaluation of suppliers. Weber et al. (1991) reviewed 74 papers that had been published over the period of 1966 to 1990 and concluded that cost/price, delivery, and quality were the most important criteria in the appraisal of the suppliers. According to Ho et al. (2010), quality, delivery, price/cost, manufacturing capability, service, management, technology, research and development, finance, flexibility, reputation, relationship, risk, and

safety and environment constituted the criteria most extensively used for supplier selection. Govindan et al. (2015) conducted a literature review in the environmental aspect and found that the environmental management system is mostly used as the environmental criterion followed by green image, environmental performance, design for environment, green competencies, environmental improvement cost, ISO 14000, green product, and so on. As far as the social aspect concerned, the criteria mostly contain discrimination, long working hours, human rights, health and safety, information disclosure, employment practices, and the rights of stakeholders (Osiro et al., 2018; Gold & Awasthi, 2015; Mani et al., 2014; Govindan et al., 2013).

Researchers have used various methods for supplier selection including AHP (Gold & Awasthi, 2015), ANP (Buyukozkan & Cifci, 2011), TOPSIS (Daneshvar, 2014), DEMATEL (Hsu et al., 2013), fuzzy logic (Orji & Wei, 2015; Govindan et al., 2013), VIKOR (Wu et al., 2016b), DEA (Cheng et al., 2017; Karsak & Dursun, 2014; Wu & Blackhurst, 2009), artificial intelligence (Kuo et al., 2010), Bayesian framework (Sarkis & Dhavale, 2015), dynamic programming (Mafakheri et al., 2011), mixed integer programming (MIP) model (Aktin & Gergin, 2016), grey systems theory (Memon et al., 2015), and path analysis (Reuter et al., 2012). Readers can refer to Chai et al. (2013) for a detailed description of the supplier selection support methods.

The present paper employs data envelopment analysis (DEA) (Charnes et al., 1978) for sustainable supplier selection. DEA and its hybrids are widely used for supplier evaluation and selection (Kontis & Vrysagotis, 2011). The traditional procedure to calculate efficiency by DEA is based on self-evaluation, and the optimal set of input and output weights are allocated to decisionmaking units (DMUs) for their efficiency enhancement. This procedure often assesses several DMUs to be efficient whose discrimination is a difficult task. In these conditions, peer evaluation is recommended. In other words, the performance of a DMU is not evaluated merely on the basis of the optimistic efficiency; rather, the evaluation process should apply the cross-efficiencies derived from the weights determined by the

DMUs themselves (Wang et al., 2011). Therefore, our proposed approach uses cross-efficiencies to compare the performance of the suppliers.

Cross-efficiency evaluation was first introduced by Sexton et al. (1986) in which the efficiency score of a DMU is calculated on the basis of the weights of other manufacturing units. Then, this model was examined by Doyler and Green (1994) who proposed aggressive and benevolent formulations for the cross-efficiency. Wang and Chin (2010) suggested alternative models for the DEA cross-efficiency evaluation. Ruiz and Sirvent (2017) evaluated cross-efficiency in fuzzy DEA. Wu et al. (2018) dealt with a hybrid DEA-VIKOR method for the cross-efficiency evaluation of the Chinese banks. Song et al. (2017), Lin et al. (2016), Wu et al. (2016a), and Alcaraz et al. (2013) are some other similar studies. Wang et al. (2011) presented an approach for cross-efficiency evaluation that is based on ideal and anti-ideal DMUs. This is the basis for the approach introduced in this paper for the cross-efficiency evaluation by the concept of ideal and anti-ideal DMUs. We integrated this method with a review of the relevant literature and weight restrictions derived from AHP and used in the sustainable supplier efficiency evaluation. The present study aims to answer these questions: What criteria should be used for the sustainable supplier selection? How can we identify the interrelations and structure of the criteria? How can the importance of criteria be determined? Finally, how can we compare the performance of the suppliers by linguistic data? Our final goal is to develop a comprehensive solution to answer these questions with respect to the sustainable supplier selection. Our solution for the sustainable supplier selection is composed of three phases: (i) reviewing the literature to identify the criteria for the sustainable supplier selection; (ii) organizing the criteria and figuring out their interrelations by analytic hierarchy process (AHP); and (iii) giving weights to the criteria and evaluating the performance of the suppliers by data envelopment analysis (DEA) which eventually leads to the selection of the most competent supplier.

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Providing appropriate equipment at w	lth Training for safety at work	Health insurance at work	nd Employment insurance Standard working hours	Contract	Materials used in the supplied com nents that reduce the impact on natural sources Ability to alter process and product for by ducing the impact on natural resource Using a modern eco efficient transpo- tion fleet and using green fuels	Green certification	; Air emissions/ Waste water	Re-use	Re-manufacturing Re-use	Recycle of products when design Re-manufacturing Re-use	Environmental Performance Evaluati Recycle of products when design Re-manufacturing Re-use	ISO-14001 certification Environmental Performance Evaluati Recycle of products when design Re-manufacturing Re-use	On-time delivery ISO-14001 certification Environmental Performance Evaluati Recycle of products when design Re-manufacturing Re-use	ce After sales service On-time delivery ISO-14001 certification Environmental Performance Evaluati Recycle of products when design Re-manufacturing Re-use	Process for internal Quality Audit of Material Lead time flexibility ce After sales service On-time delivery ISO-14001 certification Environmental Performance Evaluati Recycle of products when design Re-manufacturing Re-use	Capability of handling abnormal qual Process for internal Quality Audit of Material Lead time flexibility ce After sales service On-time delivery ISO-14001 certification Environmental Performance Evaluati Recycle of products when design Re-manufacturing Re-use	Rejection rate of the product Capability of handling abnormal qual Process for internal Quality Audit of Material Lead time flexibility ce After sales service On-time delivery ISO-14001 certification Environmental Performance Evaluati Recycle of products when design Re-manufacturing Re-use	After sales service cost Rejection rate of the product Capability of handling abnormal qual Process for internal Quality Audit of Material Lead time flexibility ce After sales service On-time delivery ISO-14001 certification Environmental Performance Evaluati Recycle of products when design Re-manufacturing Re-use	 ⁱ⁻ Freight cost After sales service cost Rejection rate of the product Capability of handling abnormal qual Process for internal Quality Audit of Material Lead time flexibility ce After sales service On-time delivery ISO-14001 certification Environmental Performance Evaluati Recycle of products when design Re-manufacturing Re-use 	Material cost Freight cost After sales service cost Rejection rate of the product Capability of handling abnormal qual Process for internal Quality Audit of Material Lead time flexibility ce After sales service On-time delivery ISO-14001 certification Environmental Performance Evaluatin Recycle of products when design Re-manufacturing Re-use
ork To prevent accidents and protect the health of workers, they must have appropriate equipment.	To prevent accidents and protect the health of workers, they must be trained at work.	Supplier must cover the cost of Employee's health insurance at work	Supplier should provide employment insurance for their employees. Ordinary hours are a employee's normal and regular hours of work, which do not attract overtime rates.	Supplier should have contract with their employees.	po- Ire-The use of materials in the components that have a lower impact on the natural resources. ¹ re-The ability of the supplier to alter the process and product design in order to reduce the impact the natural resources. ¹ ra-Supplier should use eco-efficient transportation fleet like energy efficient Vessels and high I norms for trucks. And supplier should use green fuels with low sulfur content, and alternative f	Supplier must provide green related certification for products.	The quantity control and treatment of hazardous emission, such as SO2, NH3, CO and HCl. / quantity control and the treatment of waste water.	Ability to re-utilize the used products and their related accessories.	Detach certain accessories from waste products for future usage. Ability to re-utilize the used products and their related accessories.	Ability to treat the used products or their accessories, to reprocess the materials, and to replace required new materials when producing new products. Detach certain accessories from waste products for future usage. Ability to re-utilize the used products and their related accessories.	 Supplier should have environmental policies, planning of environmental objectives, checking control of environmental activities. Ability to treat the used products or their accessories, to reprocess the materials, and to replace required new materials when producing new products. Detach certain accessories from waste products for future usage. 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Table 1: Sustainable supplier selection criteria and sub-criteria in previous literature

criteria for sustainable supplier selection, we specified 10 criteria (25 sub-criteria) in economic, social, and environmental dimensions.

Table 1 summarizes the sustainable supplier selection criteria and sub-criteria drawing the greatest attention in the previous literature. It is important to point out that Table 1 is not an ultimate or complete list of sustainable supplier selection criteria. If necessary, the group decision can adopt new criteria to satisfy the specific needs of the stakeholders.

Criteria organization using AHP

After the criteria for sustainable supplier selection were identified from the review of the literature in Section 2, the second phase of the research solution is to organize the criteria and determine their interdependence using the principles of analytic hierarchy process (AHP). AHP was presented by Saaty (1980) to evaluate the options and select them on the basis of a set of selected criteria. This is a widely accepted and adopted MADM method. AHP is a vigorous technique that organizes the decision-making problem as a hierarchy composed of several levels to figure out a structured, yet simple, solution for it. AHP has helped analysts select the best decision out of numerous decisions (Saaty, 1996). The technique requires the application of pairwise comparison matrices between the elements of the same level that are scored in the range of 1-9 (1 = equally preferred, 9 = extremely preferred) and uses eigenvector to give weights to criteria (and sub-criteria). Then, these criteria are organized in an AHP-derived hierarchical graph with respect to the interrelations between different criteria and sub-criteria. Readers can refer to Brunelli (2015) for a more detailed description of the AHP technique.

The results of this section are presented in Table 2. It can be observed that the criteria and sub-criteria derived from the review of the literature are tabulated in columns 1 and 2. Also, the sub-criteria have been divided into input-type (I) and output-type (O) in column 3. Finally, the weights pertaining to different criteria have been specified in column 4 for a given supplier k. At this step, the decisions were made with the aid of four academic professors who were familiar with the supply chain. The decision makers expressed their preferences for the values of criteria (or subcriteria) with principles that are much easier to be built than the allocation of numerical weights. This preferential ranking is done with a scale at three levels:

more important, equally important, and less important. In this scale, if the input criteria v_{1k} and v_{2k} for the supplier *k* are equally important, the difference between their weights will be considered to be zero ($v_{1k} - v_{2k}=0$); if v_{1k} is more important than v_{2k} , then we will have $v_{1k}-v_{2k}>0$; and the opposite is $v_{1k}-v_{2k}<0$. For example, according to the preferences of the decision-making group, "quality is more important than cost"; so, we will have $u_{1k}+u_{2k}+u_{3k}-v_{1k}-v_{2k}>0$; or "environmental management system and eco-design are more important than green products, green technology, and green transportation"; so, the relation $u_{4k}+u_{5k}+u_{6k}+u_{7k}-u_{8k}-u_{9k}-u_{10k}-u_{1k}-u_{12k}-u_{13k}>0$ holds true. Some other preferences are given below:

- Delivery & service is more important than cost.
- *Eco-design is more important than environmental management system.*
- Green product is more important than green technology and green transportation, and green technology is more important than green transportation.
- *Employee right and welfare is more important than occupation health and safety.*
- Economic dimension is more important than environmental and social dimensions.

Similarly, the preferences of the sub-criteria were identified by the decision-making group. All these relationships will be used in limiting the weights of inputs and outputs of the suppliers against obtaining the hypothetical values in DEA.

The conversion of fuzzy supplier inputs-outputs to crisp numbers

Most sustainable supplier selection criteria are qualitative in nature. For example, it is easier to measure 'quality' as to be moderate or very good than to give it a numerical value. However, in order to be able to use them in quantitative methods like DEA, we have to

convert them to crisp numbers. A triangular fuzzy number $\tilde{M}=(a,m,b)$ can be converted to a crisp number *M* by Equation (1).

Criteria	Sub-criteria	Туре	Weight (Supplier k)
	Material cost (C1.1)	Ι	v_{lk}
Cost/Price (profitability of supp ers) (C1)	¹¹⁻ Freight cost (C1.2)	Ι	\mathcal{V}_{2k}
	After sales service cost (C1.3)	Ι	\mathcal{V}_{3k}
	Rejection rate of the product (C2.1)	0	u_{lk}
Quality (C2)	Capability of handling abnormal quality (C2.2)	0	u_{2k}
	Process for internal Quality Audit of Material (C2.3)	0	u_{3k}
	Lead time flexibility (C3.1)	Ι	\mathcal{V}_{4k}
Delivery & Service (C3)	After sales service (C3.2)	Ι	\mathcal{V}_{5k}
	On-time delivery (C3.3)	Ι	\mathcal{V}_{6k}
Environmental Management Sy	rs-ISO-14001 certification (C4.1)	0	${\cal U}_{4k}$
tem (EMS) (C4)	Environmental Performance Evaluation (C4.2)	0	u_{5k}
Fac design (C5)	Recycle of products when design (C5.1)	0	\mathcal{U}_{6k}
Eco-design (C5)	Re-manufacturing (C5.2)	0	u_{7k}
	Re-use (C6.1)	0	u_{8k}
Green Products (C6)	Air emissions/ Waste water (C6.2)	0	u_{9k}
	Green certification (C6.3)	0	u_{10k}
Career Taskinglassi (C7)	Materials used in the supplied components that reduce the impact on natural resources (C7.1)	0	<i>U</i> 11 <i>k</i>
Green Technology (C7)	Ability to alter process and product for reducing the impact on natural resources (C7.2)	0	U 12k
Green Transportation (C8)	Using a modern eco efficient transportation fleet & using green fuels (C8.1)	0	<i>U</i> 13 <i>k</i>
	Contract (C9.1)	0	u_{14k}
Employee right and welfare (C	9) Employment insurance (C9.2)	0	u_{15k}
	Standard working hours (C9.3)	0	u_{16k}
	Health insurance at work (C10.1)	0	u_{17k}
Occupational health and safe $(C10)$	^{CTY} Training for safety at work (C10.2)	0	u_{18k}
(010)	Providing appropriate equipment at work (C10.3)	0	u_{19k}

Table 2: Criteria and sub-criteria for the selection of the sustainable supplier and their respective weights

M = (a + 4m + b)/6

For example, the crisp output M for a triangular fuzzy value $\tilde{M}=(1,1,3)$ is as below:

M = (1 + 4*1 + 3)/6 = 1.33(2)

of sustainable supplier selection and the relevant crisp values derived from Equation (1) are presented in Table 3. After the crisp values are derived for different criteria of sustainable supplier selection, they can be readily included in the next phase of DEA.

The linguistic variables applied to the criteria

Table 3: Linguistic variables and their crisp values

(1)

Linguistic Variable	Triangular fuzzy number (TFN)	Crisp number
Very low (VL)	(1, 1, 3)	1.33
Low (L)	(1, 3, 5)	3
Medium (M)	(3, 5, 7)	5
High (H)	(5, 7, 9)	7
Very high (VH)	(7, 9, 9)	8.67

Cross-efficiency evaluation by ideal and antiideal DMUs

Cross-efficiency evaluation is a technique of DEA in which each DMU has multiple efficiency scores (obtained by self-evaluation or peer-evaluation) which are averaged to reflect the overall performance of the DMU. Then, the DMUs are compared to one another and ranked in terms of the average cross-efficiencies.

Assume n suppliers in which each supplier S_j (*j*=1,2,...,*n*) uses m inputs x_{ij} (*i*=1,2,...,*m*) and s outputs y_{rj} (*r*=1,2,...,*s*). For a given supplier k, the relative efficiency score is defined using CCR model as Equation (3).

$$Max\theta_{kk} = \frac{\sum_{r=1}^{s} u_{rk} y_{rk}}{\sum_{i=1}^{m} v_{ik} x_{ik}},$$

s.t.

$$\theta_{jk} = \frac{\sum_{r=1}^{s} u_{rk} y_{rj}}{\sum_{i=1}^{m} v_{ik} x_{ij}} \qquad j=1,2,...,n,$$

$$\leq 1,$$

$$u_{rk} \geq 0, \qquad r=1,2,...,s,$$

$$v_{ik} \geq 0, \qquad i=1,2,...,m.$$
(3)

where u_{rk} represents the weight of rth output value and v_{ik} represents the weight of ith input from the kth supplier. The goal of the above model is to define a set of input and output weights that are the most appropriate for the supplier k. Using Charnes et al. (1978)'s conversion, Equation (3) can be converted to the following linear program.

$$Max \ \theta_{kk} = \sum_{r=1}^{s} u_{rk} y_{rk} ,$$

s.t.

$$\sum_{l=1}^{m} v_{lk} x_{lk} = 1,$$

$$\sum_{r=1}^{s} u_{rk} y_{rj} - \sum_{l=1}^{m} v_{lk} x_{lj} \le 0,$$

$$j=l,2,...,n,$$

$$u_{rk} \ge 0, \quad r=l,2,...,m.$$

(4)

Let's suppose that u_{rk}^* and v_{ik}^* denote the optimum solution for Equation (4). The optimum efficiency or CCR efficiency that is obtained by solving Equation (4) with u_{rk}^* and v_{ik}^* is represented by θ_{kk}^* . This efficiency indicates the selfevaluation of the supplier k. The cross-efficiency of the supplier k with respect the peer j is represented by θ_{jk} in which $\theta_{jk} = (\sum_{r=1}^{s} u_{rk}^* y_{rj})/(\sum_{i=1}^{m} u_{rk}^* y_{ri})$ $v_{ik}^* x_{ij}$). Equation (4) is solved for each supplier k and produces n input weights and n output weights. Each supplier k will have (n-1) crossefficiencies plus one optimum efficiency. Tothese efficiencies gether. form the cross-efficiency matrix as shown in Table 4 in which $\theta_{kk} = \theta_{kk}^*$ (*k*=1,2,...,*n*) is the optimum efficiencies of n suppliers.

The DEA model that is presented here for the evaluation of the cross-efficiency has been inspired by the concept of ideal and anti-ideal DMUs which is often used in multiple criteria decision-making (Mirhedayatian et al., 2013; Sun et al., 2013; Wang et al., 2011; Hatami-Marbini et al., 2010). An ideal DMU consumes minimum inputs and produces maximum outputs whilst an anti-ideal DMU consumes maximum inputs and produces minimum outputs. A DMU is said to be efficient when its performance is close to the performance of the ideal DMU and far from that of the anti-ideal DMU. These distances to the ideal and anti-ideal DMU are the basis to calculate the closeness coefficient ratio (CC_k) for the supplier k. Our goal is to maximize CC (Equation (7)) for all suppliers. According to these conceptions, the following formulations are introduced.

Inputs and outputs of an ideal DMU (Ideal Sustainable Supplier, ISS):

$$y_{i}^{Max} = Max \{y_{rj}\}, \quad r=1,2,...,s, \\ r$$

$$x_{i}^{min} = min\{x_{ij}\}, \quad i=1,2,...,m.$$
(5)

Inputs and outputs of an anti-ideal DMU (Anti-Ideal Sustainable Supplier, AISS):

$$y_{i}^{min} = \min_{r} \{y_{rj}\}, \quad r=1,2,...,s,$$

$$x_{i}^{Max} = Max\{x_{ij}\}, \quad i=1,2,...,m.$$

$$j$$
(6)

Table 4: Cross-efficiency matrix for n DMUs

Target supplier	1	2		n	Average cross-efficiency
1	$ heta_{II}$	θ_{12}	•••	$ heta_{In}$	$\frac{1}{n} \sum\nolimits_{k=1}^{n} \theta_{1k}$
2	θ_{21}	$ heta_{22}$		θ_{2n}	$\frac{1}{n} \sum_{k=1}^{n} \theta_{2k}$
÷	÷	÷	۰.	:	:
n	θ_{nl}	θ_{n2}	•••	θ_{nn}	$\frac{1}{n} \sum\nolimits_{k=1}^{n} \theta_{nk}$

Here, the distance between the supplier k and ISS is denoted by d(k,ISS) and its distance from AISS is denoted by d(k,AISS). These distances are calculated by Equation (7).

$$d(k, ISS) = \sum_{r=1}^{s} u_{rk} (y_r^{Max} - y_{rk}) + \sum_{\substack{i=1 \\ i=1}}^{m} v_{ik} (x_{ik} \\ - x_i^{min}),$$

$$d(k, AISS) = \sum_{r=1}^{s} u_{rk} (y_{rk} - y_r^{min}) \\+ \sum_{\substack{i=1 \\ i=1}}^{m} v_{ik} (x_i^{Max} \\ - x_{ik}),$$
(7)

k = 1, 2, ..., n.

 CC_k for the supplier k with respect to ISS and AISS is derived from Equation (8).

$$CC_{k} = d(k, AISS)/d(k, ISS) + d(k, AISS)$$

$$\frac{\sum_{r=1}^{s} u_{rk} (y_{rk} - y_{r}^{min}) + \sum_{l=1}^{m} v_{lk} (x_{l}^{Max} - x_{lk})}{\sum_{r=1}^{s} u_{rk} (y_{r}^{Max} - y_{rk}) + \sum_{l=1}^{m} v_{lk} (x_{lk} - x_{l}^{min}) + \sum_{r=1}^{s} u_{rk} (y_{rk} - y_{r}^{min}) + \sum_{l=1}^{m} v_{lk} (x_{l}^{Max} - x_{lk})}$$

$$k=1,2,...,n.$$

(8)

We aim to maximize CC_k for the supplier k so that it is as close to ISS performance and as far from AISS performance as possible. The higher the RC value is, the more efficient the supplier will be. The weights u_{rk} and v_{ik} that help the supplier k to realize this target is calculated by Equation (9).

Max

$$RC_{k} = \frac{\sum_{r=1}^{s} u_{rk} \left(y_{rk} - y_{r}^{min} \right) + \sum_{i=1}^{m} v_{ik} \left(x_{i}^{Max} - x_{ik} \right)}{\sum_{r=1}^{s} u_{rk} \left(y_{rk} - y_{r}^{min} \right) + \sum_{i=1}^{m} v_{ik} \left(x_{i}^{Max} - x_{ik} \right) + \sum_{r=1}^{s} u_{rk} \left(y_{r}^{Max} - y_{rk} \right) + \sum_{i=1}^{m} v_{ik} \left(x_{ik} - x_{i}^{min} \right)}$$

s.t.

$$\sum_{r=1}^{s} u_{rk} y_{rj} - \sum_{l=1}^{m} v_{lk} x_{lj} \le 0,$$

$$j = 1, 2, ..., n,$$

$$u_{rk} \ge 0, \quad r = 1, 2, ..., s,$$

$$v_{lk} \ge 0, \quad i = 1, 2, ..., m.$$

(9)

Equation (9) can be rephrased to linear form as below:

$$Max \sum_{r=1}^{s} u_{rk} (y_{rk} - y_{r}^{min}) + \sum_{i=1}^{m} v_{ik} (x_{i}^{Max} - x_{ik})$$
s.t.
$$\sum_{r=1}^{s} u_{rk} (y_{rk} - y_{r}^{min}) + \sum_{i=1}^{m} v_{ik} (x_{i}^{Max} - x_{ik}) \quad (10)$$

$$+ \sum_{r=1}^{s} u_{rk} (y_{r}^{Max} - y_{rk}) + \sum_{i=1}^{m} v_{ik} (x_{ik} - x_{i}^{min}) = 1$$

$$\sum_{r=1}^{s} u_{rk} y_{rk} - \theta_{kk}^{*} \sum_{l=1}^{m} v_{ik} x_{ik} = 0, \quad j = 1, 2, ..., n,$$

$$\sum_{r=1}^{s} u_{rk} y_{rj} - \sum_{l=1}^{m} v_{ik} x_{ij} \leq 0, \quad v_{ik} \geq 0, \quad i = 1, 2, ..., m,$$

Equation (10) is simplified as below: m

$$Max \sum_{r=1}^{s} u_{rk} (y_{rk} - y_{r}^{min}) + \sum_{i=1}^{m} v_{ik} (x_{i}^{Max} - x_{ik})$$
S.t.

$$\sum_{r=1}^{s} u_{rk} (y_{r}^{Max} - y_{r}^{min}) + \sum_{i=1}^{m} v_{ik} (x_{i}^{Max} - x_{i}^{min}) = 1$$

$$\sum_{r=1}^{s} u_{rk} y_{rk} - \theta_{kk}^{*} \sum_{i=1}^{m} v_{ik} x_{ik} = 0, \qquad j = 1, 2, ..., n,$$

$$\sum_{r=1}^{s} u_{rk} y_{rj} - \sum_{i=1}^{m} v_{ik} x_{ij} \le 0, \qquad v_{ik} \ge 0, \qquad i = 1, 2, ..., m,$$
(11)

Numerical application of proposed method

This section uses the proposed fuzzy DEA method to select a sustainable supplier out of four suppliers. Table 5 presents the linguistic evaluation for the three suppliers in terms of the criteria derived from the literature review.

Caritaraia	Crittania tama		Supplier linguistic ratings					
Criteria	Criteria type —	S1	S2	S 3	S4			
(C1.1)	Ι	L	VH	Н	L			
(C1.2)	Ι	VL	Н	Н	М			
(C1.3)	Ι	Н	М	М	L			
(C2.1)	0	Н	М	L	М			
(C2.2)	0	VL	Н	VH	L			
(C2.3)	0	L	VH	VH	L			
(C3.1)	Ι	L	VH	VH	VL			
(C3.2)	Ι	VL	М	Н	VL			
(C3.3)	Ι	L	Н	VH	М			
(C4.1)	0	VL	М	М	VL			
(C4.2)	0	L	М	М	L			
(C5.1)	0	L	Н	М	VL			
(C5.2)	0	М	Н	VH	L			
(C6.1)	0	М	М	Н	L			
(C6.2)	0	L	Н	М	VL			
(C6.3)	0	L	Н	Н	L			
(C7.1)	0	L	Н	М	М			
(C7.2)	0	М	VH	Н	L			
(C8.1)	0	VL	L	L	VL			
(C9.1)	0	М	М	Н	Н			
(C9.2)	0	М	Н	Н	VH			
(C9.3)	0	L	М	М	М			
(C10.1)	0	L	М	Н	Н			
(C10.2)	0	М	Н	Н	М			
(C10.3)	0	М	VH	VH	VL			

Table 5: Ranking of suppliers in terms of performance

Table 6: Crisp performance of ideal and anti-ideal sustainable suppliers

		Crisp	Ideal & Anti-Ideal Sustainable			
Criteria		1	8		Supj	pliers
	S1	S2	S3	S4	ISS	AISS
(C1.1)	3	8.67	7	3	3	8.67
(C1.2)	1.33	7	7	5	1.33	7
(C1.3)	7	5	5	3	3	7
(C2.1)	7	5	3	5	7	3
(C2.2)	1.33	7	8.67	3	8.67	1.33
(C2.3)	3	8.67	8.67	3	8.67	3
(C3.1)	3	8.67	8.67	1.33	1.33	8.67
(C3.2)	1.33	5	7	1.33	1.33	7
(C3.3)	3	7	8.67	5	3	8.67
(C4.1)	1.33	5	5	1.33	5	1.33
(C4.2)	3	5	5	3	5	3
(C5.1)	3	7	5	1.33	7	1.33
(C5.2)	5	7	8.67	3	8.67	3
(C6.1)	5	5	7	3	7	3
(C6.2)	3	7	5	1.33	7	1.33
(C6.3)	3	7	7	3	7	3
(C7.1)	3	7	5	5	7	3
(C7.2)	5	8.67	7	3	8.67	3
(C8.1)	1.33	3	3	1.33	3	1.33
(C9.1)	5	5	7	7	7	5
(C9.2)	5	7	7	8.67	8.67	5
(C9.3)	3	5	5	5	5	3
(C11.1)	3	5	7	7	7	3
(C10.2)	5	7	7	5	7	5
(C10.3)	5	8.67	8.67	1.33	8.67	1.33

The crisp numbers for the fuzzy evaluations shown in Table 5 are presented in Table 6. Two last columns in Table 6 show the ideal and antiideal (sustainable suppliers) solution for different criteria derived from the literature review. As can be seen, ideal solution – i.e. ideal sustainable supplier (ISS) – consumes the minimum inputs to produce the maximum outputs ($ISS=(X^{min}, Y^{Max})$) whereas the opposite holds true for anti-ideal solution – i.e. the anti-ideal sustainable supplier ($AISS=(X^{Max}, Y^{min})$).

Equation (4) is employed to find out the optimum efficiencies for four suppliers. The results will be as $\theta_{11}^*=1$, $\theta_{22}^*=1$, $\theta_{33}^*=1$, and $\theta_{44}^*=1$. Accordingly, it can be said that the four suppliers are efficient, but their performances cannot be distinguished. Therefore, the fuzzy DEA method is applied to evaluate their cross-efficiency. This method is based on maximization of the distance from anti-ideal solution (sustainable supplier) and minimization of the distance to the ideal solution using Equation (11). Column 2 in Table 7 presents the input-output weights derived for four suppliers. As can be seen, few criteria are involved in overall decision-making (C1.1, C1.2, C2.1, C3.1, C3.3, C5.1, C5.2, C6.1 and C10.1). Column 3 contains the weights derived when the restriction on weight is extremely positive (>0). Therefore, all weights of the input and output criteria are assumed as $\geq \varepsilon$ in which $\varepsilon = 0.0001$. It is evident that the weight of criteria obtained here (Column 3) differs from that obtained by our presented model (Column 2). Therefore, our model yields different results depending on the weights (strictly zero or nine). So, the decision makers should be cautious when interpreting the weighting results and apply the weight value restriction that is applicable to their problem.

Table 7: Input-output weights

	Weights												
Criteria	$u_{rk} \ge 0, r = 1, 2$ $u_{rk} \ge 0, r = 1, 2$,,S ,,S											
	S1	S2	S 3	S4	S1	S2	S 3	S4					
(C1.1)	0	0.6851	0.5728	0	0.0001	0.3580	0.0001	0.0001					
(C1.2)	0	0.5728	0	0	0.0001	0.0001	0.0001	0.0001					
(C1.3)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C2.1)	0	0	0	0.2890	0.0110	0.3201	0.0001	0.0136					
(C2.2)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C2.3)	0	0	0	0	0.0001	0.0001	0.0635	0.0001					
(C3.1)	0.2890	0	0.6851	0	0.2694	0.0001	0.0001	0.0001					
(C3.2)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C3.3)	0.2890	0.5728	0	0	0.0210	0.5260	0.0001	0.0001					
(C4.1)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C4.2)	0	0	0	0	0.0001	0.0001	0.7860	0.0001					
(C5.1)	0	0	0	0.1645	0.0001	0.0001	0.0001	0.2100					
(C5.2)	0	0.5728	0	0	0.5241	0.0001	0.0001	0.0001					
(C6.1)	0	0	0	0.2890	0.0001	0.0501	0.0001	0.0001					
(C6.2)	0	0	0	0	0.0013	0.0001	0.0531	0.0001					
(C6.3)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C7.1)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C7.2)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C8.1)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C9.1)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C9.2)	0	0	0	0	0.0056	0.0001	0.0001	0.0001					
(C9.3)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C10.1)	0	0.5728	0.5728	0	0.0001	0.0001	0.0023	0.0001					
(C10.2)	0	0	0	0	0.0001	0.0386	0.0001	0.0001					
(C10.3)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					

Table 8 summarizes the results on average cross-efficiency obtained from Equation (8). It can be observed that Supplier 2 has the best per-

formance followed by Suppliers 3, 4, and 1 in the next ranks, respectively.

	S1	S2	S3	S4	Average cross-efficiency	Rank			
S 1	1	0.126	0.201	0.658	0.496	4			
S2	0.425	1	0.910	0.539	0.718	1			
S 3	0.38	0.9	1	0.527	0.701	2			
S4	0.763	0.328	0.299	1	0.597	3			

Table 8: Cross-efficiency results

We did another experiment to explore the impact of preferential relations derived from AHP on the input-output weights, the results of crossefficiency, and the resulting ranking. Table 9 shows the DEA-derived input-output weights after eliminating the input-output weight restriction. The input-output weights for four suppliers are shown in Column 2 of Table 9. It can be seen that very few criteria are involved in overall decision making (C1.1, C1.2, C2.1, C3.1, C3.3, C5.1, C5.2, C6.1, and C10.1). Column 3 contains the weights obtained when the weight restriction is extremely positive (>0). Therefore, all weights of the input and output criteria are considered as $>\varepsilon$ where $\varepsilon = 0.0001$. It is evident that the weights of the criteria obtained here (Column 3) differ

from those obtained from our proposed model (Column 2). Also, as can be seen, the results are different from Table 7 (considering AHP-derived input-output weight restrictions).

Table 10 shows the results of cross-efficiency without AHP weight restriction. The comparison of Tables 8 and 10 reveals that Supplier 4 and 1 are ranked differently although the best supplier does not change. This implies that the final results of our model are sensitive to weight restrictions. However, the results are more realistic when AHP weight restrictions are included because input-output weights are context-dependent in the real world and should, therefore, be matched with decision maker's preferences.

	Weights												
	$u_{rk} \ge 0, r =$	1,2,,s			$u_{rk} \ge \varepsilon, r = 1$	$u_{rk} \geq \varepsilon, r = 1, 2, \dots, s$							
Criteria	v_ik≥0, i=1	',2,,m			$v_{ik} \ge \varepsilon, i = 1$	$v_{ik} \geq \varepsilon, i = 1, 2, \dots, m$							
				ε=0.0001									
	S1	S2	S 3	S4	S 1	S2	S 3	S4					
(C1.1)	0	0.002	0	0	0.0001	0.002	0.0002	0.0002					
(C1.2)	0	0	0.213	0	0.0001	0.0001	0.0001	0.0001					
(C1.3)	0	0	0	0	0.0374	0.0274	0.0001	0.0105					
(C2.1)	0	0	0.1592	0.3201	0.0110	0.0001	0.0592	0.0002					
(C2.2)	0	0.5293	0	0	0.0001	0.7521	0.0001	0.0001					
(C2.3)	0	0	0	0	0.0001	0.0001	0.0635	0.0001					
(C3.1)	0	0	0	0	0.2694	0.0001	0.0001	0.0001					
(C3.2)	0.4239	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C3.3)	0	0	0	0	0.0210	0.3801	0.0075	0.0001					
(C4.1)	0	0.3280	0.1893	0	0.0001	0.0001	0.0001	0.0001					
(C4.2)	0	0	0	0	0.0002	0.0001	0.0001	0.0001					
(C5.1)	0	0	0	0	0.0001	0.0001	0.5214	0.3211					
(C5.2)	0	0	0	0	0.0295	0.0001	0.0001	0.0001					
(C6.1)	0.0268	0	0	0	0.0001	0.0501	0.0001	0.0001					
(C6.2)	0	0	0	0	0.0002	0.0001	0.0014	0.0001					
(C6.3)	0	0	0	0	0.0001	0.0002	0.0001	0.0001					
(C7.1)	0	0.4236	0	0	0.0251	0.0001	0.0001	0.0001					
(C7.2)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					
(C8.1)	0	0	0	0	0.0001	0.0056	0.0001	0.0001					
(C9.1)	0	0	0	0.2193	0.0001	0.0001	0.0001	0.0002					
(C9.2)	0	0	0	0	0.0014	0.0001	0.0001	0.0001					
(C9.3)	0	0	0	0	0.0001	0.0002	0.0001	0.0001					
(C10.1)	0.1260	0	0	0	0.0001	0.0001	0.0003	0.0001					
(C10.2)	0	0	0	0	0.0001	0.0014	0.0001	0.0002					
(C10.3)	0	0	0	0	0.0001	0.0001	0.0001	0.0001					

Table 9: Input-output weights (without inputs-output weight restrictions)

Table 10: Cross-efficiency results (without in	nputs-output weight restrictions)
--	-----------------------------------

	S1	S2	S3	S4	Average cross-efficiency	Rank
S1	1	0.243	0.278	0.7	0.555	4
S2	0.459	1	0.982	0.586	0.756	1
S 3	0.401	0.902	1	0.563	0.716	2
S4	0.687	0.273	0.232	1	0.548	3

CONCLUSION

Due to the growing worldwide awareness of sustainability, stringent government directions, and increasing community knowledge, organizations cannot neglect sustainability concerns in business. In order to increase business performance and competitive advantage, sustainabilityfocused supplier selection is a crucial decision in industrial supply chains.

The present paper presented a hybrid method based on AHP and fuzzy DEA for sustainable supplier selection. The criteria for this selection are derived and organized from literature (and/or consultation with experts/decision-making panel) and AHP. Fuzzy DEA is, also, employed to calculate the cross-efficiencies using the concept of ideal and anti-ideal DMUs out of the linguistic input-output data so as to be used in the selection of the sustainable supplier. The strengths of the suggested method are its capability in organizing the criteria, rationalizing input-output weights for a certain supplier by preferential relations derived from AHP principles, and using qualitative data for the inputs and outputs of the supplier by DEA method. The major limitation is that when the weight values are strictly positive, different results are obtained for the weights of the output criteria. Therefore, decision-makers should be cautious when interpreting the weighting results and apply the weight value restriction that is applicable to their problem. It is recommended to make a comparison between the presented method and other standard cross-efficiency methods in future research. Also, the impact of defuzzification technique should be studied on cross-efficiency results.

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