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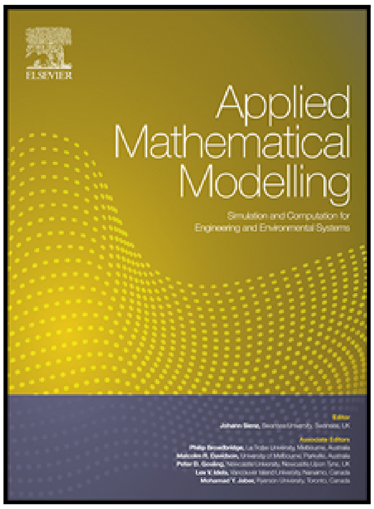

Principal-agent problem for returns handling in a reverse supply chain with one manufacturer and two competing dealers

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Highlights:

- How a manufacturer motivates dealers to exert their efforts is studied for handling returned new-products.
- The optimal incentive contracts are designed by utilizing principal-agent theory.
- The stronger the degree of competition between the dealers is, the higher the dealers' effort levels are.
- The share obtained by each dealer is negatively correlated with the uncertainty factors.
- The incentive cost and total agency cost can be decreased by using the double-factor incentive contracts.