

# Shrinkage

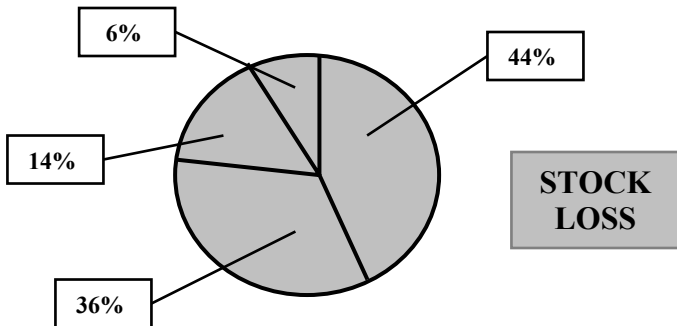
A recent report on 'stock loss' in the retail industry highlights the problem of workplace theft.

1 Create sentences with the words in the box.

theft   stock   waste   loss   security   shoplifting

**Shrinkage** / ʃrɪŋkɪdʒ / (noun):  
reduction in something  
(Definition from Macmillan English Dictionary  
Text © Bloomsbury Publishing Plc 2002)

2 Complete the key to the pie chart with the following causes of stock losses: *customer theft / internal errors / staff theft / supplier shortfalls*. Check your answers by scanning paragraph 1 of the article below.



**Causes of stock loss: key**

(a) \_\_\_\_\_ (44%)  
 (b) \_\_\_\_\_ (36%)  
 (c) \_\_\_\_\_ (14%)  
 (d) \_\_\_\_\_ (6%)

Figs. approximate: based on Centre for Retail research

## Theft in the workplace

Customer theft (shoplifting) accounts for about 44% of shrinkage in the European retail industry according to a recent report carried out in Nottingham, UK. However, staff theft is close behind at around 36%. 'Shrinkage' is jargon for stock loss due to theft or wastage. Other reasons for shrinkage are internal errors (around 14%) and suppliers failing to deliver the correct amount (about 6%).

Over 400 retailers took part in the survey, covering 25 countries. The UK has the highest shrinkage rate in Western Europe, although the figure is actually decreasing. Countries with a large proportion of staff theft include Iceland and Poland; the lowest levels are in Greece, Portugal and Switzerland. Typically, items stolen can all be sold quickly: leather goods, perfumes, CDs, DVDs and jewellery.

Most employees are, of course, honest. There are, however, a significant number stealing over a long time. Usually such employees feel distant from the organisation, or have a problem about the way they have been treated. The survey also reported that many people in the retail industry thought that fines on thieves were too small, and that the proportion of thieves sent to prison was too small.

Managers are considering effective ways of combating stock loss. Some of these new security measures include the use of CCTV, giving a strong anti-theft message during staff induction, and having restricted access to stockrooms. The cost of shrinkage? Over €28 million was lost last year. In 2005, the cost of security for the retail industry was €7633 million. Clearly, stock loss is a significant problem for retailers.

3 Read the whole article and summarise the main points.

4 Complete the following collocations taken from the article. Create sentences with these collocations.

(a) **internal** \_\_\_\_\_ (b) **retail** \_\_\_\_\_ (c) **stock** \_\_\_\_\_ (d) **security** \_\_\_\_\_ (e) **staff** \_\_\_\_\_

5 Discuss the following questions in small groups. Be ready to report your ideas to the class.

- (a) Do you agree that the fines for shoplifters are too low? Should they go to prison?
- (b) Is shrinkage a problem in your workplace? If so, what are the causes? Is staff theft a problem?
- (c) How effective are the following: CCTV / staff training / restricted access to stock? Add further solutions.