

# BROAD COLLEGE ADMISSION – SAMPLE CASE STUDY

## Salon Shrinkage (Integrity)

### **BACKGROUND**

Lisa Elton, owner of a hair salon, was worried. Shrinkage in the hair and skin product inventory had continued to rise for the fourth consecutive month. In fact, this time it had nearly wiped out the net profit of the salon. After investigating the matter, the loss could not be attributed to damage, improper handling of markdowns, improper documentation of product sample use, or even shoplifting. The only other possibility was in house theft.

Elton instructed her manager, Karen Young, to personally keep track of the product lines and to keep a special eye on employees as they went about their business. She also instructed Young that delivered packages, shelf stocking, and inventory be handled exclusively by her. When the shrinkage continued for another month and the measures taken failed to produce any leads, Elton consulted the salon franchise security resources for assistance. She was advised to install a hidden camera by the product display and cash register. It was also recommended that she install microphones in the restroom, stockroom and employee lounge. Elton was hesitant to snoop on her employees. She believed that if the employees found out, there would be negative ramifications. In an already transient industry of hairstyling, retaining skilled, personable, competent employees is truly difficult. By the sixth month of continued shrinkage and declining net profit, Elton was willing to snoop. The camera contributed to catching the thief. The microphones did not contribute to the apprehension of the thief but it did contribute to Elton learning that one employee was selling jewelry and Avon products to the salon clients while on duty at the salon. Another had lost her apartment and was sleeping in the salon and using the showers at the Powerhouse Gym adjacent to the salon each morning before coming to work. She also discovered that one employee was planning to quit without notice. In solving the shrinkage issue, other issues had been raised.

### **INSTRUCTIONS**

Please answer the following questions in 500 words or less;

1. If you were Lisa Elton, would you have decided to install the cameras and the microphones? Why or why not?
2. Do employers have the right to spy on employees?
3. What should Lisa Elton do with the information she gathered while catching the thief?