

**Ethical and
sustainable
work practices**

A guide for **Employers**

April 2022

This guide helps you as an employer understand ethical and sustainable work practices from a labour and human rights perspective. Find out what those rights are and why they are important for you.

**EMPLOYMENT
NEW ZEALAND**





Understand ethical and sustainable work practices

Today's consumers, employees, procurers and investors expect certain ethical standards. They increasingly want businesses to treat workers fairly, ethically and sustainably – not just their own workers but also the workers in the organisations they engage with.

New Zealanders are becoming more aware of exploitation and mistreatment of workers, especially of migrants, and do not want to engage with businesses that exploit their workers. When deciding where to shop, consumers consider how businesses treat their workers.

A 2021 Colmar Brunton survey found New Zealanders want fairer businesses.

- › 59% of respondents wanted their future employer to be socially and environmentally responsible.
- › 73% would stop buying from a company that was irresponsible or unethical.

What ethical and sustainable means

Having ethical work practices means treating your workers legally, fairly and with dignity. It includes providing safe working conditions and meeting or exceeding all minimum employment standards.

Sustainability means working in a way that meets the needs of your business or industry now and in the long term.

Exploitation, child labour, forced labour, human trafficking and slavery are the opposite of ethical and sustainable work practices.

➔ Ethical and sustainable work practices

or go to www.employment.govt.nz and search for 'ethical and sustainable practices'



Why good work practices matter

Behaving ethically and sustainably is the right thing to do.

Good work practices help create a level playing field where those who meet employment obligations cannot be undercut by those who cut corners using unfair work practices. Good work practices can have a positive impact on customer goodwill, loyalty and demand for your goods and services. They can also help to attract and retain good workers. On the other hand, employment practices that are not legal, ethical or sustainable can hurt your reputation and brand. This could reduce your company's revenue, profit, financial viability and market value.

Businesses that have been penalised for exploiting or mistreating their workers are identified in publicly available information. The law fines and penalises these businesses, and prevents them from supporting visa applications from overseas workers for a specific period.



Ethical and
sustainable
work practices

A guide for
Employers

Understand who an employer is

You are an employer if you hire someone to work in your business or organisation, and you can control what they do and where and how they work. If you only have contractors, volunteers or unpaid interns, you are not an employer.



Sophia is a new migrant to New Zealand. She has run a restaurant before, and would like to start one here too. She knows she will need to hire staff and wants to learn more about good work practices in a New Zealand context. What is a fair wage? What hours do staff work? How can she roster them so they get enough time off?





Understand why ethical and sustainable work practices are important for employers

As an employer, you are legally responsible for making sure your business's work practices are ethical and sustainable.

Employers who treat their workers unfairly create risks for their own business and their industry. As well as the general risks mentioned in 'Why good work practices matter', risks for employers could include:

- › losing access to markets – some countries or sectors may not want to trade with businesses that have bad work practices
- › damaging the business's and product's reputation through negative word-of-mouth and publicity on social and traditional media
- › missing out on investment, because investors might not want to associate with businesses that have bad employment practices
- › not achieving the business's potential for productivity
- › developing an environment where workers become disengaged
- › harming the health, safety and wellbeing of the workforce.



The more Sophia thinks about work practices, the more she realises how important it is to get them right. She wants to get her restaurant's reputation off to a good start. She wants to create a friendly and fair workplace culture that attracts and keeps good workers. She also wants customers to see that his workers are happy.

What legal consequences employers could face if they do not comply

Businesses that do not comply with employment standards can face legal consequences. These can include having to pay unpaid wages and holiday pay, infringement fines and penalties. Consequences for serious breaches can include penalties, having to compensate someone for harm, and being banned from hiring staff.

How the government enforces standards

The Labour Inspectorate is the public body that ensures that employees receive their minimum employment rights. It investigates potential breaches of minimum employment standards. Labour Inspectors make sure that workplaces meet at least the minimum standards set out in employment-related laws. They investigate complaints, and proactively audit organisations where they identify high risks, especially for minimum wage, wage deductions, holiday pay, leave entitlements and record-keeping.

Inspectors can enter workplaces, interview people and require employers to give them certain information. If workplaces do not follow standards, inspectors can take legal action to make employers correct problems, and even take employers to court.





Check that you have ethical and sustainable work practices

Start checking if your organisation has ethical and sustainable work practices by examining what your vision, mission and values statements say about how your organisation values and treats workers. These statements set the scene for everything that happens in your organisation, so it is important that they are explicit.

You can check that your work practices are ethical and sustainable by checking for labour rights issues and making sure you meet labour standards. You should also investigate your supply chain in the same way.

How to identify labour rights issues in your business

Take these steps to see if you have any labour rights issues.

1. Assess your business using our self-assessment checklist and guide.

- ➔ **Employment standards: employer self-assessment checklist** [PDF, 581KB]

or go to www.employment.govt.nz and search for 'employment standards checklist'

- ➔ **Employment standards: employer self-assessment guide** [PDF, 833KB]

or go to www.employment.govt.nz and search for 'employment standards guide'

- 2. **Make sure your contractors are really contractors, not employees. For example, how much do you control their working arrangements?**

- ➔ **Know the difference between contractors and employees**

or go to www.employment.govt.nz and search for 'contractor versus employee'

- 3. **Check that employees' work patterns match their contracts. Are casual workers actually working regular hours? Do you have a genuine reason to employ someone on a fixed-term contract instead of a permanent one?**

- ➔ **Understand the different types of employees**

or go to www.employment.govt.nz and search for 'several types of employee'

- 4. **Make sure that workers are legally allowed to work in New Zealand. Use Immigration New Zealand's online VisaView tool to check passport information if you need to.**

- ➔ **Use VisaView to check if someone can work in New Zealand**

or go to www.immigration.govt.nz and search for 'VisaView'

- 5. **Make sure you allow employees to join unions if they want to, and allow them to go to at least two union meetings a year. Also make sure you treat union and non-union workers equally.**

- ➔ **Know important information about unions**

or go to www.employment.govt.nz and search for 'union membership'



Ethical and sustainable work practices

A guide for Employers



The restaurant is up and running, and the first few months have been a success. Now that things have settled down, Sophia wants to make sure there are no labour rights issues in the business. He works through Employment New Zealand's employer self-assessment checklist. He realises that one of her waiters started on a casual contract, because he was a student with unusual study hours. However, he has now graduated and can work more regularly, so it would be best to change his contract to a permanent one.

How to be on track to meet your labour rights obligations

You can do three things to help you meet your labour rights obligations.

Create and communicate a code of conduct (or code of conduct statement)

A code of conduct tells workers what your organisation's goals, values and rules are. It can empower workers to speak up if the code is breached. A code of conduct statement is similar but less detailed. Develop a code of conduct statement instead if your organisation is not ready for a detailed code of conduct.

A code of conduct should include at least:

- › your values, business ethics and environmental standards, alongside the behaviours you expect
- › a statement that confirms your organisation will follow employment-related laws
- › information on how you will treat workers fairly, such as the Ethical Trading Initiative Base Code, an internationally recognised code of labour practice
- › information on how to report employment issues confidentially – this may be critical to making your code effective.

➔ Ethical Trading Initiative Base Code

or go to www.ethicaltrade.org and look for 'ETI Base Code' in the menu

A code of conduct statement, however, can be as simple as the following sentences.

- › We are committed to making your workplace safe and healthy.
- › We are committed to giving you all your employment rights and entitlements.

You can find out more about your employment rights on the Employment New Zealand and WorkSafe New Zealand websites.

Employment New Zealand
www.employment.govt.nz

WorkSafe New Zealand
www.worksafe.govt.nz/managing-health-and-safety/workers/

Use your internal communication channels including emails, posters and newsletters to tell your workers about your code or statement.

Make sure your systems and processes are strong

Good systems and processes will help you carry out your code of conduct or code of conduct statement.

- › Make sure your payroll systems and processes are effective. Test them regularly to see that they comply with the law. For example, check that you are paying workers correctly for leave and holidays.

➔ Guidance on the Holidays Act 2003 [PDF, 1.1MB]

or go to www.employment.govt.nz and search for 'holidays act'

- › Make sure your human resources policy protects employment rights, fair treatment of workers and equal opportunities.

- › Make sure you have an easily accessible process that lets workers raise issues and address their questions, concerns and disputes.

Educate workers (including managers) on employment responsibilities and rights

If your workers know their employment responsibilities and rights, they can promote your code of conduct and help you bring it to life.

Educate workers by doing the following.

- › Make sure all managers complete our free online learning modules for employers.
- › Encourage all workers to do our free online learning modules for employees, starting with the 'Introduction to employment rights' module.
- › Invest in any other relevant training and qualifications for your workers.

Email us to create an administration account for the courses. An account will let you register, monitor and generate reports on workers' learning.

➔ Learning modules for employers and employees

or go to <https://employment.elearning.ac.nz/>

➔ Email employment.govt.nz

or type 'employment@employment.govt.nz' into your email

Examine your supply chain

If you want to identify and reduce labour rights risks thoroughly, go beyond your business and examine your supply chain too.

➔ Identify and minimise labour rights issues in your supply chains [PDF, 861KB]

or go to www.employment.govt.nz and search for 'labour rights'



Learn more and use our free resources

Resources on our website

If you are reading a printed version of this brochure, go to www.employment.govt.nz and search for key words.

To learn about...	...search for	What you'll get
Employer's approach to assuring ethical and sustainable work practices	Employers approach to assuring	A web page
Labour Inspectorate	Labour inspectorate	A web page
Identifying and minimising labour rights issues in your business	Labour rights	PDF, 864KB
Employment standards: employer self-assessment checklist	Employment standards checklist	PDF, 581KB
Employment standards: employer self-assessment guide	Employment standards guide	PDF, 833KB
The difference between contractors and employees	Contractor versus employee	A web page
Employment-related laws	Legislation	A web page
Hiring employees	Hiring employees	A web page
Employees' minimum rights	Minimum rights	A web page
Important information about unions	Union membership	A web page
The Holidays Act 2003	Holidays act	A web page
Meanings of terms	Glossary	A web page

Resources on other websites

If you are reading a paper version of this brochure, go to the relevant website and search for key words.

To learn about...	...go to	What you'll get
Who an employer is	www.ird.govt.nz – Search for 'Who is an employer'	A 7-minute video
Health and safety at work	www.worksafe.govt.nz – Search for 'workers'	A website

EMPLOYMENT NEW ZEALAND



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

[New Zealand Government](#)

