Criteria	**10-9**	**8-7**	**6-5**	**4-0**
Critically evaluates the management capabilities required to be an effective manager in contemporary organisations.	Key management capabilities required to be an effective manager are identified and critically evaluated with **detailed insight** for each organisation. Makes **critical reference to relevant** contemporary literature to support and justify the evaluation.	Key management capabilities required to be an effective manager are identified and critically evaluated with **clarity and good detail** for each organisation. Uses contemporary literature with **clarity and detail** to support and justify the evaluation.	Key management capabilities required to be an effective manager are identified and critically evaluated **adequately** for each organisation. Uses contemporary literature **adequately** to support and justify the evaluation.	Key management capabilities required to be an effective manager are **not, or not fully**, identified and **have not been** critically evaluated for each organisation. **Does not, or does not fully,** use contemporary literature to support and justify the evaluation.
Critically evaluate at least two core capabilities in the context of each organisation	Capabilities for each organisation have been identified and critically evaluated with **insight in each organisation's context**. The discussion of the differences between the sets of capabilities shows depth of understanding. Makes **critical reference to relevant** contemporary literature to support and justify the evaluation.	Capabilities for each organisation have been identified **and critically and sufficiently** evaluated in each organisation's context. The differences between the sets of capabilities are **critically** explained **in detail**. Uses contemporary literature with **clarity and detail** to support and justify the evaluation.	Capabilities for each organisation have been identified and **critically** evaluated in each organisation's context **adequately**. The differences between the sets of capabilities are critically explained **adequately**. Uses contemporary literature **adequately** to support and justify the evaluation.	Capabilities for each organisation have **not been, or not fully,** identified and **not** critically evaluated in the context of each organisation. The differences between the sets of capabilities have **not been** critically explained. **Does not, or does not fully,** use contemporary literature to support and justify the evaluation.

1. Introduction

This report will critically analyse the capabilities for successful management in a government finance organisation and a for-profit banking institute in New Zealand. The report will show the capabilities necessary for managers that help the businesses take the required actions to improve their results, fulfil their responsibilities and enhance their reputation. The first organisation to be reviewed is the New Zealand Government Treasury, which is responsible for the economic policy and manages financial resources, followed by the bank institution BNZ (Bank of New Zealand), one of the main private finance institutions in New Zealand, responsible for investments, deposits and loans. This report intends to identify, analyse, and compare how two organisations from the finance industry can diverge in their management capabilities according to their strategy and operationalization. The intents and conducts of each organisation will be presented, followed by the critical review of each capability necessary to manage and follow the organisation's requirements.

2. Management Capabilities in Finance

The New Zealand Treasury divides two main groups for their capability framework: Finance-Specific Capabilities and General Capabilities. From "Financial Processes and Reporting" to "Stakeholder Management and Communication". The capabilities they expect from their managers impact their team training, the data analysis for the performance indicators, the management of risks, their work culture and positive internal and external influence ([redacted]). This report will focus on one Finance-Specific capability and one General Capability. The framework divides each capability into four levels, classified on a scale of 1 to 4, listed as fundamental, practising, leading and strategic ([redacted]). For this report, the capability of financial processes and reporting (finance-specific) and the leadership and development (general) capabilities, will be the ones critically reviewed, by utilizing the organisation's level scale (1-4) to classify and compare both capabilities.

When it comes to a finance organisation, following the financial processes and having a good understanding of financial literacy can serve as a base for a manager to make decisions, having a background on how the funds are being handled is fundamental to trusting the organisations' processes, services, and products ([redacted]

[redacted]). In addition, public financial management requires a significant understanding of the effectiveness of following the processes, since managing public finance can be very bureaucratic, as it requires following a series of different processes performed by a vast number of actors, for example, the approval of from the local government, the influence from political parties in making financial decisions while following the legislation, all of which impact on public finance decisions ([redacted]). For public finance management, leadership styles can result in the successful achievement of results, a manager with leadership capability can guide the team and take front of the decisions, with the best way to perform the tasks required by explaining the role clearly and giving the subordinates guidelines while they are performing these tasks ([redacted]).

The Bank of New Zealand (BNZ) is a signatory of the United Nations Environment Programme Finance Initiative (UNEP FI), basing its management capabilities on the Principles for Responsible Banking (PRB) ([redacted]). Following the principles stated by the UNEP FI, which are focused on “Alignment”, “Impact and Target Setting”, “Clients and Customers”, “Stakeholders”, “Governance and Culture”, and “Transparency and Accountability”. To follow the principles, BNZ developed a self-assessment in 2023 stating the management capabilities necessary for each. Given that BNZ is a for-profit finance institution, to maintain a good reputation in the market and consequently the consumption of products and services offered ([redacted]), their focus is to keep a good relationship with their most important stakeholders: clients and customers ([redacted]). BNZ states on their self-assessment, that risk management is a key capability to follow the third principle shaped by UNEP FI, with the purpose of managing their Environmental, Social and Governance (ESG) risk associated with customers ([redacted]). Moreover, recent studies show that supporting creativity and innovation has helped managers have a greater knowledge base and more ideas leading to the creation of new products and services ([redacted]), Following that line, to comply with the governance and culture for responsible banking principle, BNZ focused on internal management of performances from their executive team, for tasks aimed at sustainability, for example, climate-related opportunities in the financial year of 2023.

Analysing both organisations listed above, the managerial capabilities diverge because they are based on the purpose of each organisation to apply these capabilities. For The Treasury, the main purpose is following the processes with excellence and leadership, as for BNZ the purpose is accomplishing profitable results while following sustainable banking principles. Despite all of them being essential for every financial organisation, both the state sector and private sector ([redacted]), not all of them are the main priority. The next part of this report will analyse the definition of these capabilities and link those definitions to the main purpose of each organisation, justifying the choice for the capabilities based on that.

3. The New Zealand Treasury

3.1 Financial Processes and Reporting

Recent studies show that financial processes are directly related to human activity, at the same time they are cyclic, often present in a self-similar pattern and have a sporadic nature ([redacted]). In addition, public finance management can be defined as a system of principles and methods, for developing managerial decisions regarding the evolution, distribution, and effective use of financial resources ([redacted]). In a more detailed approach, the principles can be understood as following the hierarchy in conducting a financial process, which includes specific methods of doing so, such as finance knowledge, identifying limitations and inaccuracies in the processes, planning changes for the development's sake, giving a clear explanation for the department on how to follow those processes ([redacted]

Using the Treasurys' capability level classification (1-4) to analyse this capability, is crucial to present the requirements of each level. The fundamental level (1) is introductory and, therefore doesn't require prior knowledge of finance processes, considering how the processes are defined by being repetitive and can undergo human mistakes ([redacted]). Complicated finance tasks, for example, complying with security matters to avoid privacy breaches, require an understanding of their importance, moreover, it requires integrity, curiosity and willingness to learn, since many processes can be extensive and undergo numerous departments for approval ([redacted]). According to [redacted]), public finance managers have to consider factors and risks to solve the tasks for effective financial management. However, at a practising level (2), knowledge of the processes is crucial to their execution, as recent studies show that financial literacy is directly proportional to rational financial decision-making ([redacted]). Including understanding the processes and reports, and how they impact on and are impacted by, other related processes in the organisation. The manager needs to develop efficient processes, identify changes to those processes, and critically analyse their requirements, such as the steps needed inside the organisation to apply those changes ([redacted]). The leading level (3) of this capability requires innovation and extensive knowledge of the financial processes, for decision-making ([redacted]), such as identifying how can the processes be improved and submitting cases for implementing the new approaches ([redacted]).

Lastly, based on their highest-level classification (4), this capability requires extensive and up-to-date financial knowledge to develop and research financial processes. [redacted] et al. (2020) scientifically proved how members of the academic community compel with more secure financial decisions, for example saving money in finance institutions, pointing out how financial awareness and experience impact an individual's decisions, which in the public finance managers' case can lead to improvement inside and outside the organisation, such as creating and advising financial reports, having a balance between strategic thinking and compliance when developing and improving financial processes, basing those developments on a customer's point of view, providing transparency and efficiency, enabling customers to be empowered and participate in the decision-making process ([redacted]).

3.2 Leadership and Development

[redacted] (2019) observed that leadership is a fundamental component of successful organisational change. In one of the definitions studied by [redacted]), 'leadership is a social influence process in which the leader seeks the voluntary participation of subordinates to reach organisation goals'. Moreover, 49.3% of the managers studied in [redacted] (2022) research, agreed that establishing trust as a leadership approach resulted in the successful accomplishment of objectives. Scientifically proving how the guidance of a leading manager has helped subordinates perform their work effectively and efficiently.

The New Zealand Treasury classification of leadership and development capability goes from fundamental to strategic (levels 1 to 4). Starting with the fundamental level (1) leadership capabilities, stated by the Treasury as abilities to learn and demonstrate initiative in their work, and face difficult issues with flexibility and resilience ([redacted]). According to [redacted] (2019), flexibility and the capability to learn are two important dimensions a great leader can form. Considering [redacted] (2020) research, public finance management requires following numerous processes, therefore, a manager on the fundamental leadership level needs to know how to guide the team in following those processes ([redacted]). Moreover, the practising level (2) of this capability involves a commitment to continuous improvement by sharing knowledge and experience to support the development of the team's skills in finance processes. Nevertheless, those requirements are justifiable considering the importance of completing these processes with efficiency ([redacted]), practising leadership requires the managers to have a background knowledge of the financial processes ([redacted]) and know how to assist and communicate the demands of the processes to their team ([redacted]).

A leading level (3) of this capability focuses on long-term solutions without impairing short-term outputs. Successful management on a leading level knows how to conduct extended solutions without compromising the present results ([redacted]). As [redacted]) stated "Financial management in the public sector is a conservative type of professional activity. Not immediately responding to innovations and changes" ([redacted]), for a manager in the public sector, focusing on the long-term is beneficial considering the pace that new processes take to be approved, leading to the next level of strategic leadership abilities. [redacted]) lists long-term strategies as one of the main abilities for strategic leadership capability, followed by creating strategies for mentoring, coaching or learning that aim to improve individual, team and organisational financial performance. As it was pointed out by [redacted]), a leader always thinks about long-term rather than short-term goals, using that as a base, to be a strategic leading manager is essential to focus on the expansion of the organisation for the future.

4. The Bank of New Zealand (BNZ)

4.1 Risk Management

For these analyses, the focus is on explaining why BNZ adopted risk management as a strategy to comply with the principles of UNEP FI. Considering the definition of risk management as a way of measuring inconsistency connected to any given business activity, which includes banking ([redacted]). As a bank institution, analysing the risks related to any process can impact the uncertainty of profits or loss, which by itself will reflect on the bank's development and growth ([redacted]). In addition, [redacted]) presented the importance of risk management for handling a crisis, the author classifies being prepared for unsatisfactory results as a fundamental step for managing a thread, from his conception the anticipated knowledge of negative results, can help the managers prepare for handling these results in a secure way ([redacted]). The bank focuses on responsible investing, meaning it's currently engaging its customers to make positive social and environmental impacts reducing the negative impacts ([redacted]).

Because BNZ focused on applying a new strategy associated with sustainable banking for their customers, identifying and analysing the risks associated with those new processes as part of their managerial requirements will allow them to establish different approaches once or if they face a crisis from implementing that new strategy ([redacted]). The successful execution of risk management is essential in BNZ's case to achieve better results from the new sustainability strategies. Anticipating the risks of negative outcomes can help have a better and faster recovery in terms of monetary loss ([redacted]).

4.2 Performance Management

Apart from managing the risks of following new sustainable banking methods, BNZ also applied a performance management strategy internally to remunerate the executive teams based on their performance in climate-related projects ([redacted]). By definition, performance management is the ability to align the team results to the strategic direction of the organisation ([redacted]). According to [redacted]), performance management is a strong indicator of how well a company has been performing and it's linked to strategic outcomes. Moreover, [redacted]) reviewed performance management studies and concluded that workplace conditions, pay, and promotion are organisational elements that impact staff performance ([redacted]).

As part of their business divisions, the executive team members take climate-related opportunities into account, this includes key performance indicators related to sustainable financial services to BNZ's personal and business customers, such as green home loans ([redacted]). BNZ's performance is assessed based on the attainment of the financial and non-financial measures specified in the relevant executive team assessments. The assessment's metrics are linked to BNZ's main strategic objectives, which include risk and performance results ([redacted]). More authors observed how performance management is more likely to be prioritized in organisations with interested and committed staff, which improves company results and promotes long-term success ([redacted]). Therefore, using that capability allows BNZ to guide their teams' outcomes in the same direction as the expectations the bank has for sustainable banking ([redacted]). Managing the executive teams' performance engages the employees, by setting goals and promoting achievement ([redacted]). In addition, it also complies with the banks' strategy ([redacted]), to follow the principles for sustainable banking since it protects stakeholders' interests in accordance with the public interest on a long-term basis.

5. Conclusion

Considering the analyses presented in this report concludes how different can be the capabilities to manage a state sector finance organisation and a private sector organisation. The Treasury of New Zealand and The Bank of New Zealand both have their purposes and ways of conducting their internal staff, for the first is to distribute and manage the investments and for the latest is to earn profits from these investments while following sustainable principles. As it was analysed, for public finance management, excellence and leadership in process performance is essential to operate the departments. The Treasury refers to the administration of funds and monetary hazards within an organisation, assuring the company has the funds necessary to meet its daily responsibilities is its first duty.

Meanwhile, for a private bank institution, whose main focus is granting and earning interest on loans, including personal, corporate, auto, and mortgage loans from customers' deposits, the capability of managing the risks related to the profits from new projects (in BNZ's case, the strategies for sustainable banking) is fundamental for handling the outcomes, followed by compensating employees for their performance related to those new projects, encouraging their accomplishments. By applying those capabilities, the managers will provide a successful future for the organisation.

6. References