

# AMBA 605 The Economics of Management Decisions

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## Seminar Description

This seminar applies the concept of economic decision making in a wide variety of managerial situations, including financial statement analysis, asset valuation, cost management and organizational performance. The student must apply critical thinking to make connections among concepts from the disciplines of microeconomics, finance, and managerial and financial accounting. It addresses the current legal and ethical issues surrounding financial accounting along with the valuation of both financial and business assets in a domestic and international context. Because cost management is crucial to a company's continued competitiveness, activity-based costing is discussed. Increasingly, managers are supplementing financial information with non-financial information to best analyze the economic performance of their organizations. Toward this end several performance measurement techniques are covered, including economic value added, throughput accounting, and balanced scorecard.

## Seminar Objectives

Upon successful completion of this session, students should be able to:

1. Apply the basic principles to financial decision-making.
2. Analyze the financial statements of publicly held companies.
3. Examine the economic and ethical implications of financial reporting from a global perspective.
4. Calculate the value of all types of business and financial assets.
5. Critically assess strategic investment decisions from a global perspective.
6. Critically assess the relative strengths and weaknesses of alternate cost measurement systems.
7. Analyze an organization's operations in the context of global financial markets.
8. Evaluate an organization's performance using selected economic models.

## Seminar Contents

Topic/Reading	Assignments
Week 1: Economic Analysis	Conference Activity
Week 2: Financial Accounting	Conference Activity
Week 3: Financial Statement Analysis	Individual Assignment
Week 4: Financial Valuation	Problem Set
Week 5: Ethics and Financial Reporting	Conference Activity
Week 6: Analysis of Financial Situations	Individual Assignment
Week 7: Introduction to International Finance	Conference Activity Team Work Plan

Week 8: Global Financial Investment	Team Assignment
Week 9: Cost Measurement Systems	Individual Assignment
Week 10: Economic Value Added	Conference Activity Team Work Plan
Week 11: Business Valuation	Team Assignment
Week 12: Balanced Scorecard	Conference Activity
Week 13: End-of- Seminar Project	Individual Project

## Materials to Purchase

### MBA Programs (used in previous courses)

- *Adobe Acrobat 7.0 Standard*. ISBN 22001979 (Windows) 12001694 (Mac) **[Required for new or dual degree students only. Go to <http://journeyed.com>].**
- Browne, M. & Keeley, S. (2004). *Asking the right questions: A guide to critical thinking*. Upper Saddle River, NJ:Prentice Hall. ISBN 0131829939
- Hacker, D. (2003). *A writer's reference* (5th ed.). Boston: Bedford/St. Martin's. ISBN 0312412622

**You are expected to purchase the texts listed below.** You can order these books through the UMUC virtual bookstore (<http://www.umuc.edu/bookstore/bookstore.html>).

### AMBA 605

- Ansari, Bell, & Klammer. (2003). *Management accounting: A strategic focus(custom modular series)*. Houghlin Mifflin. ISBN 0-618-46089-6
- Anthony, R.N., & Breitner, L.P. (2003). *Core concepts* (8th ed.). Upper Saddle River, NJ: Prentice-Hall. ISBN 0-13-040671-6
- Brigham, E. F., & Houston, J. F. (2004). *Fundamentals of financial management* (concise 4th ed.). Mason, OH: South-Western. ISBN 0-324-25872-0
- Heyne, P., Boettke, P., & Prychitko, D. (2003). *The economic way of thinking* (11th ed.). Upper Saddle River, NJ: Prentice-Hall. ISBN 0-13-154369-5