

# Chapter 1

## An Overview of Financial Management

### LEARNING OBJECTIVES

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After reading this chapter, students should be able to:

- Explain where career opportunities are found within the three interrelated areas of finance.
- Identify some of the forces that will affect financial management in the new millennium.
- Briefly explain the responsibilities of the financial staff within an organization.
- Describe the advantages and disadvantages of alternative forms of business organization.
- State the primary goal in a publicly traded firm, and explain where social responsibility and business ethics fit in.
- Define an agency relationship, give some examples of potential agency problems, and identify possible solutions.
- Identify major factors that determine the price of a company's stock, including those which managers have control over and those which they do not.
- Discuss whether financial managers should concentrate strictly on cash flow and ignore the impact of their decisions on EPS.