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Introduction

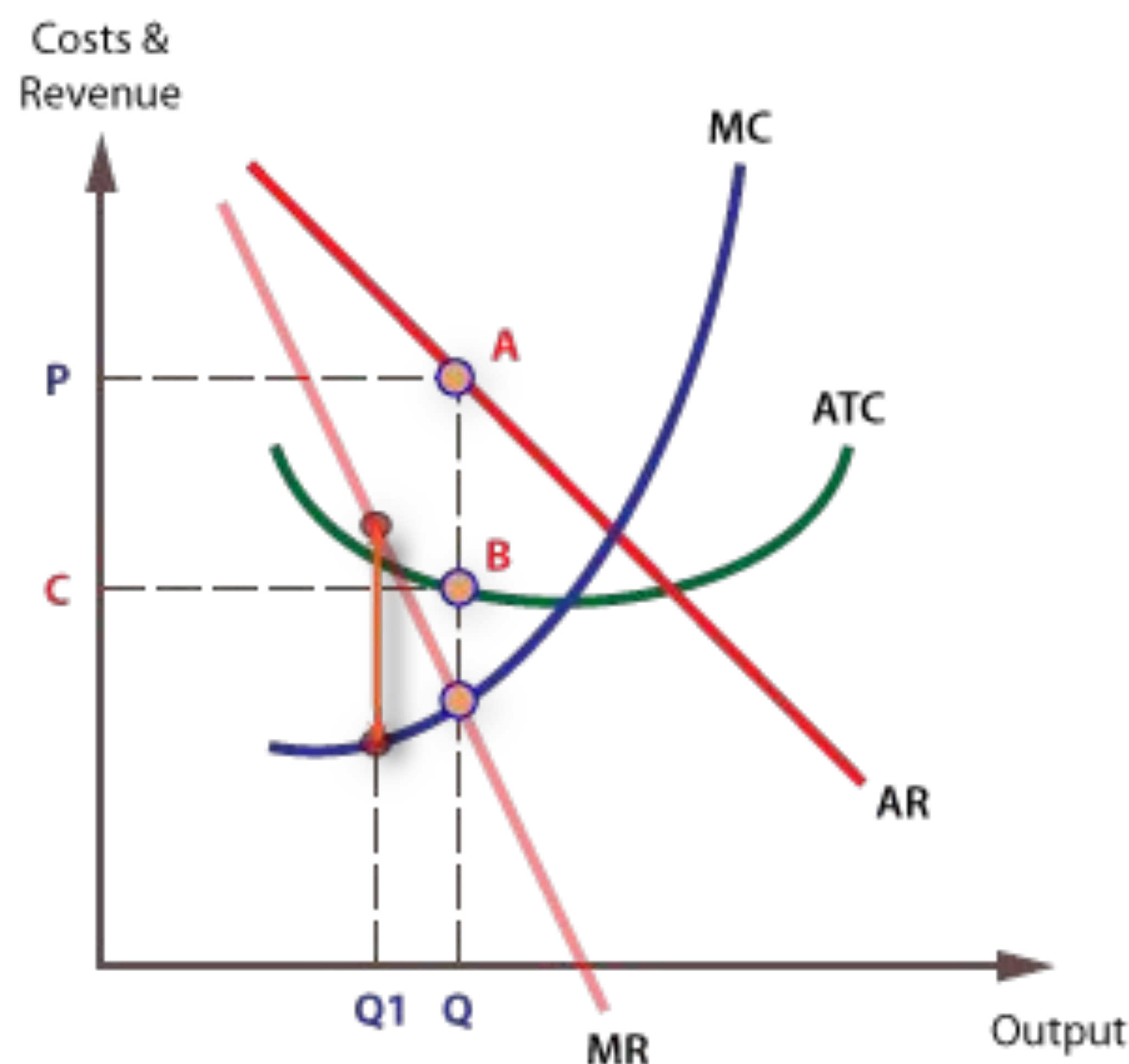
Accounting profit and Economic profit represent two models for identifying a business's overall profit and success. Both are good tools to use. However, through some research and economic theory, it seems that Economic Profit would make more sense and leave accounting profit out of date.

Methods:

To figure if accounting profit or economic profit is more applicable, we looked at two case studies. One was a charter at Lake Erie, a small business. The other we looked at a very large company, such as Apple.

Results:

Economic profit is more efficient for classifying profit for small business
Accounting profit is more efficient at classifying profit for big business



Conclusion:

At the start of our research we assumed that economic profit would be more accurate the accounting profit in all situations, however as we conducted our research we learned that economic profit is only more accurate from smaller business, and accounting profit is more accurate for large business. This is because big business have expensive CEO's that influence economic profit, as well as boards that are naturally corrupt favoring the CEO.