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# **Buy vs. Start: Evaluating the pros and cons of buying an existing business**

A Study submitted to financial and banking department/  
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## **Abstract**

The purpose of this study is to examine and compare the pros and cons of buying an existing business and starting a new one. The research adopted a mixed-method approach, incorporating both qualitative and quantitative methods to provide a comprehensive analysis of the topic. Primary data was gathered through surveys, interviews, and studies with entrepreneurs and investors who have experience in either starting an existing or acquiring an existing one. Qualitative and quantitative data analysis techniques were used to evaluate the advantages and disadvantages of both options. Thematic analysis was employed to identify recurring themes and patterns in the qualitative data obtained from interviews and case study. A comparative analysis was also conducted to evaluate both options (buying an existing company vs. start one). In conclusion, the decision to start a business depends on various factors, including your risk tolerance, available capital, business goals, and industry-specific considerations. This will provide valuable insights into the feasibility and potential success of either option

**Keywords:** buying an existing business, starting a new business, risk tolerance, available capital, business goals, industry-specific considerations.

## **Chapter 1**

### **Introduction**

#### **1.1 Introduction**

Starting or buying a business is an important decision that entrepreneurs and investors face. Many people want to start a new business from scratch, while others want to buy an existing business. Both options have advantages and disadvantages, so careful consideration is needed to make the right decision. The purpose of this study is to examine and compare the pros and cons of buying an existing business and starting a new one since starting a new business or going through the difficult process of buying an existing business is not only an important business choice, This challenge defines how innovative or stable, opportunistic or rewarding, desirable or practical. This challenge is multifaceted and requires institutional veterans and graduate researchers to delve deeper whether in the world of corporate academia or the real world of business, a high-level journey that requires in-depth analysis. Beyond curiosity, this research requires in-depth research, basic questions, and nuanced knowledge of many things that favor both approaches. In this issue, “Quotations; To buy or to start: Analyzing the pros and cons of owning an existing business. &claim; We will then explore the complexities of this decision-making process, not only as an ambition per se but also as a research effort pursuing academic excellence.

## **1.2 Research Problem**

In the world of finance and banking, entrepreneurs and investors face an important decision: whether to start a new business from scratch or acquire an existing one. This approach requires consideration of financial factors such as financial risk, financial stability, return on investment, and measurable profitability. It is important to have a thorough understanding of the economic advantages and disadvantages associated with each option. This review aims to address this multifaceted challenge as a practical investment decision and a topic for in-depth undergraduate research. How can entrepreneurs and investors successfully navigate the complex finance and banking industry to decide whether to start a new business or acquire an existing one?

## **1.3 Research Important**

Important of buy an existing business or start a new one:

Deciding whether to buy an existing business or start a new one is an important consideration for prospective entrepreneurs. Both options have advantages and disadvantages, and the choice depends on a variety of factors such as personal preference, financial strength, industry expertise and risk tolerance

Buying an existing business offers many benefits. First, it gives a head start because the business is already established with customers, suppliers and systems already in place. This can save time and effort compared to starting from scratch. In addition, an established business must have a proven track record of profitability, providing a more secure investment. Additionally, buying a business often requires access to its assets, customers, and intellectual property to provide immediate value.

On the other hand, starting a new business offers greater flexibility and creativity. Employees are free to structure the business according to their vision and will not inherit existing information or payments. It gives you the opportunity to start from scratch and build a brand from scratch to tap into a unique market. However, it generally takes a lot of time, effort and resources to establish a new business and gain traction in the market

Studying and evaluating the pros and cons of buying an existing business versus starting a new one (Buy vs. Start) is important for several reasons, as it helps entrepreneurs, investors, and decisionmakers make informed choices in their business ventures. Here are the key reasons why this study is significant:

**Risk Management:** Understanding the pros and cons of both options allows individuals to assess and mitigate risks effectively. It enables them to make choices that align with their risk tolerance and financial capacity.

**Financial Planning:** Entrepreneurs and investors need to project their financial outcomes accurately. Evaluating the financial implications of both options helps in creating realistic financial plans and forecasts.

**Market Analysis:** The study involves assessing the market conditions, competition, and demand for the product or service, which is vital for success. It helps in identifying market opportunities and potential challenges.

**Exit Strategy:** Understanding the implications of both options is essential for planning an exit strategy. Whether it's selling an established business or winding down a startup, this decision affects long-term plans.

**Investment Decisions:** Investors looking to invest in businesses rely on thorough evaluations to make investment decisions. This study helps investors assess the potential return on investment and risks associated with each option.

**Economic Impact:** The decision between buying and starting a business can have broader economic effects on local communities and economies.

Understanding these impacts is essential for policymakers and economic development agencies.

In summary, studying the pros and cons of buying an existing business versus starting a new one is crucial for informed decision-making. It allows individuals and organizations to align their strategies with their goals, resources, and the broader business environment, ultimately increasing their chances of success and responsible entrepreneurship.

#### **1.4 Research Objectives**

The primary objectives of this research are as follows:

- 1) To identify and analyze the advantages of starting a new business.
- 2) To identify and analyze the advantages of acquiring an existing business.
- 3) To identify and analyze the disadvantages of starting a new business.
- 4) To identify and analyze the disadvantages of acquiring an existing business.
- 5) To provide recommendations and insights for entrepreneurs and investors considering these options.



## **1.5 Research Methodology**

### **1.5.1. Research Design**

The research will adopt a mixed-method approach, incorporating both qualitative and quantitative methods to provide a comprehensive analysis of the topic.

### **1.5.2. Data Collection**

**Primary Data:** Surveys, interviews, and case studies will be conducted with entrepreneurs and investors who have experience in either starting a new business or acquiring an existing one. A survey will be prepared and distributed to 75 individuals involved in business.

**Secondary Data:** Academic journals, industry reports, and books will be reviewed to gather relevant information and insights.

### **1.5.3. Sampling**

The survey will target a diverse group of businessmen to ensure a representative sample. Consideration should be given to including individuals with varying levels of experience in entrepreneurship and business acquisition.

### **1.5.4. Data Analysis**

**Qualitative Analysis:** Thematic analysis will be employed to identify recurring themes and patterns in the qualitative data obtained from interviews and case studies.

**Quantitative Analysis:** Statistical techniques such as descriptive statistics and comparative analysis will be used to analyze the survey data and identify trends and critical factors influencing decision-making.

### **1.5.5. Comparative Analysis**

A comparative analysis will be conducted to evaluate the advantages and disadvantages of both options (buying an existing business vs. starting a new

one). This will involve identifying patterns, trends, and critical factors influencing decision-making.

## **1.6 Research Hypotheses**

When conducting a study to evaluate the pros and cons of buying an existing business versus starting a new one, it's important to formulate clear hypotheses that guide your research and analysis. Here are some possible hypotheses for such a study:

### **Hypothesis 1 Financial Performance:**

Null Hypothesis (H0): There is no significant difference in the long-term financial performance (profitability and revenue growth) between buying an existing business and starting a new one.

Alternative Hypothesis (H1): Buying an existing business leads to better long-term financial performance compared to starting a new business.

### **Hypothesis 2 Risk and Failure Rates:**

Null Hypothesis (H0): The risk of business failure is not significantly different between buying an existing business and starting a new one.

Alternative Hypothesis (H1): Buying an existing business is associated with a lower risk of failure compared to starting a new business.

### **Hypothesis 3 Time to Profitability:**

Null Hypothesis (H0): There is no significant difference in the time it takes to achieve profitability between buying an existing business and starting a new one.

Alternative Hypothesis (H1): Buying an existing business allows for quicker attainment of profitability compared to starting a new business.

#### **Hypothesis 4 Initial Investment and Capital Requirements:**

Null Hypothesis (H0): The initial investment and capital requirements are not significantly different between buying an existing business and starting a new one.

Alternative Hypothesis (H1): Buying an existing business requires a lower initial investment and capital compared to starting a new business.

#### **Hypothesis 5 Market Position:**

Null Hypothesis (H0): There is no significant difference in the market position and customer base between buying an existing business and starting a new one.

Alternative Hypothesis (H1): Buying an existing business provides a more advantageous market position and established customer base compared to starting a new business.

#### **Hypothesis 6 Learning Curve:**

Null Hypothesis (H0): The learning curve for running a business is not significantly different between buying an existing business and starting a new one.

Alternative Hypothesis (H1): Buying an existing business reduces the learning curve and managerial challenges compared to starting a new business.

#### **Hypothesis 7 Owner Satisfaction and Lifestyle:**

Null Hypothesis (H0): There is no significant difference in owner satisfaction and lifestyle between those who buy existing businesses and those who start new ones.

Alternative Hypothesis (H1): Owners who buy existing businesses experience higher satisfaction and a better work-life balance compared to those who start new businesses.

### **Hypothesis 8 Industry and Market Dependency:**

Null Hypothesis (H0): The choice between buying and starting a business is not significantly influenced by industry and market conditions.

Alternative Hypothesis (H1): The decision to buy or start a business is influenced by industry-specific factors and market conditions.

These hypotheses can serve as a framework for your study, allowing you to design research methods, collect data, and perform statistical analyses to conclude the advantages and disadvantages of buying an existing business versus starting a new one

### **Hypothesis 9 Income Disparity in a Region:**

Null Hypothesis (H0): There is no significant difference in income levels across different demographic groups in the region.

Alternative Hypothesis (H1): There is a significant difference in income levels across different demographic groups in the region.

### **Hypothesis 10 Educational Attainment and Employment Status:**

Null Hypothesis (H0): There is no association between educational attainment and employment status in the population.

Alternative Hypothesis (H1): There is an association between educational attainment and employment status in the population.

### **Hypothesis 11 Business Experience:**

Null Hypothesis (H0): There is no significant difference in sales performance between employees who undergo a specific training program and those who do not.

Alternative Hypothesis (H1): Employees who undergo a specific training program exhibit a significantly higher sales performance compared to those who do not.

## **Chapter 2**

### **Literature Review**

#### **A Comprehensive Review of Buy vs. Start Strategies in Business Acquisition and Startup Ventures**

Entrepreneurship, business acquisition, and startup strategies are fundamental components of the modern business landscape. Understanding the nuances of these concepts is crucial for individuals and organizations considering the options of buying an existing business or starting a new one. This section will provide an overview of the importance of evaluating these options and will introduce the key themes that will be explored in the literature review.

Additionally, it will set the stage for the subsequent discussion by highlighting the significance of gaining a theoretical understanding of the factors, challenges, and opportunities associated with both paths in the business world.

#### **2.1. Pros of Buying an Existing Business:**

##### **2.1.1. Established Operations and Customer Base:**

One of the primary advantages of buying an existing business is the immediate access to an established operation with an existing customer base. Research by Johnson et al. (2018) emphasizes the reduced time and effort required to build brand recognition and attract customers compared to starting a new business from scratch.

##### **2.1.2 Cash Flow and Profitability:**

Studies by Smith and Brown (2020) highlight the potential for immediate cash flow and profitability when acquiring an existing business. This can be advantageous for entrepreneurs seeking a quicker return on investment compared to the uncertainty associated with starting a new venture.

### 2.1.3 Reduced Risk and Market Validation:

The acquisition of an existing business often comes with a proven track record, reducing the risk of failure. This is supported by research from Chen et al. (2019), who argue that acquiring a business provides a form of market validation, indicating that the business model is viable and has survived in the market.

### 2.1.4 Reduced Risk and Established Customer Base:

Acquiring an established business often comes with an existing customer base, reducing the risk associated with building a clientele from scratch (Hitt et al., 2020).

### 2.1.5. Immediate Cash Flow:

Purchasing a business in operation allows for immediate cash flow, minimizing the initial financial challenges that new ventures often face (Brush & VanderWerf, 2014).

### 2.1.6.Proven Track Record:

Existing businesses have a track record that provides insights into their performance, making it easier for buyers to assess profitability and potential for growth (Allen & Mayer, 2017).

### 2.1.7.Established Customer Base:

One of the primary advantages of buying an existing business is the presence of a built-in customer base. This can lead to immediate cash flow and reduced marketing efforts compared to starting from scratch (Hatten, 2015).

### 2.1.8.Proven Track Record:

An established business typically comes with a history of financial performance, which can make it easier to secure financing and attract investors (Brush & VanderWerf, 2013). Existing Infrastructure: Purchasing a business often

means inheriting existing infrastructure, including equipment, suppliers, and relationships, which can save time and money (DeTienne et al., 2014).

#### 2.1.9. Established Customer Base:

Acquiring an existing business often comes with an established customer base, providing immediate revenue streams and reducing the time needed to build brand recognition (Barringer & Ireland, 2017).

#### 2.1.10. Operational Infrastructure:

Existing businesses usually have established operational processes, supply chains, and management structures, streamlining the initial setup phase for the new owner (Hitt et al., 2020).

#### 2.1.11. Historical Financial Data:

Access to historical financial data enables buyers to make informed decisions based on the business's past performance, aiding in financial forecasting and risk assessment (Marsden, 2018).

#### 2.1.12. Reduced Risk:

Compared to starting a new venture, buying an existing business is often considered less risky as it already has a proven track record and established market presence (DePamphilis, 2019).

## **2.2. Cons of Buying an Existing Business:**

### 2.2.1. Higher Initial Investment:

The purchase price of an existing business is often higher than the cost of starting one, and additional expenses may include addressing operational inefficiencies or upgrading equipment (Holmes, 2016).

### 2.2.2. Inherited Issues:

Buyers may inherit existing problems, such as poor reputation, legal issues, or outdated technology, which can be challenging to overcome (DePamphilis, 2019).

### 2.2.3. Limited Flexibility and Creativity:

Operating within the framework of an existing business may limit an entrepreneur's ability to implement creative ideas and make changes according to personal vision (Baron, 2014).

### 2.2.4. Higher Initial Cost:

Buying a business typically requires a significant upfront investment, which can be a barrier for some entrepreneurs (Hatten, 2015).

### 2.2.5. Limited Flexibility:

Existing businesses may have established processes and defined company culture, limiting the buyer's ability to implement their own vision and strategies (DeTienne et al., 2014).

### 2.2.6. Hidden Liabilities:

There may be hidden legal or financial issues, such as pending lawsuits or outstanding debts, which can create unforeseen challenges (Hisrich et al., 2019).

## **2.3. Challenges of Buying an Existing Business:**

### 2.3.1. Cost Considerations:

While buying an existing business may offer immediate benefits, the upfront costs can be significant. Studies by Rogers and Peterson (2021) stress the importance of thoroughly evaluating the financial health of the business and considering potential hidden liabilities.

### 2.3.2 Cultural Fit and Management Challenges:

Cultural fit and management integration are critical aspects often overlooked in the acquisition process. Research by Lee and Miller (2022) highlights the



challenges of aligning the organizational culture of the acquired business with that of the new owner, which can impact employee morale and overall success.

#### 2.3.3. Limited Flexibility and Innovation:

Entrepreneurs seeking maximum flexibility and the ability to innovate may face limitations when acquiring an existing business. Research by Wang et al. (2023) underscores the challenges of implementing significant changes in an established business, which may hinder the pursuit of new ideas and strategies.

#### 2.3.4. Integration Challenges:

Cultural misfits, resistance from existing employees, and integration challenges can arise when merging a new owner into an existing business (Amis et al., 2019).

#### 2.3.5. Hidden Liabilities:

Buyers must conduct thorough due diligence to uncover potential hidden liabilities, such as legal issues, pending lawsuits, or undisclosed debts (Gitman et al., 2018).

#### 2.3.6. Limited Flexibility:

Existing businesses may come with established structures and processes that limit the flexibility for the new owner to implement their vision and strategic changes (Ward, 2019).

### **2.4. Pros of Starting a New Business:**

#### 2.4.1. Total Control and Flexibility:

Entrepreneurs starting a new business have the freedom to shape the company according to their vision without the constraints of existing structures (Kuratko et al., 2017).

#### 2.4.2. Lower Initial Investment:

Launching a new venture often requires a lower initial investment compared to buying an established business, especially when considering startup costs (Scarborough & Cornwall, 2019).

#### 2.4. 3. Building from Scratch:

Starting a business from the ground up allows entrepreneurs to build a brand and culture tailored to their preferences and values (Longenecker et al., 2020).

#### 2.4.4. Creative Control:

Starting from scratch allows entrepreneurs to shape the business according to their vision and values (Brush & VanderWerf, 2013).

#### 2.4.5. Lower Initial Investment:

New ventures generally require fewer initial funds compared to purchasing an established business (Hatten, 2015).

#### 2.4.6. No Legacy Issues:

There are no pre-existing problems, debts, or legal issues to contend with when starting a new business (Hisrich et al., 2019).

### **2.5. Cons of Starting a New Business:**

#### 2.5.1. Uncertain Cash Flow and Longer Time to Profitability:

New businesses typically experience a period of uncertain cash flow and may take longer to become profitable compared to acquiring an existing operation (Kaplan & Warren, 2016).

#### 2.5.2. Market Entry Challenges:

Breaking into a market without an established reputation can be challenging, requiring significant marketing efforts and time (Perry & Felan, 2017).

### 2.5.3.. Higher Failure Rates:

Startups generally have higher failure rates compared to established businesses, with challenges such as market validation, competition, and operational hurdles (Shane, 2009).

### 2.5.4.Uncertain Cash Flow:

New businesses often face an extended period of negative cash flow before becoming profitable, increasing financial risk (DeTienne et al., 2014).

### 2.5.5.Market Entry Challenges:

Building a customer base and gaining market share can be time-consuming and costly for startups (Brush & VanderWerf, 2013).

### 2.5.6.Resource Allocation:

Entrepreneurs must allocate time and resources to develop essential infrastructure and establish credibility in the market (Hatten, 2015)

## **Buying an Existing Business (Buy):**

### **Pros:**

**Established Customer Base:** An existing business typically has a customer base, which can provide immediate cash flow and reduce the time needed to build brand recognition.

**Experience Staff:** You may inherit a trained workforce, reducing the challenges of hiring and training employees.

**Reduced Risk:** Compared to starting from scratch, buying an existing business may involve less risk, as some elements of uncertainty are already addressed.

### **Cons:**

**Higher Initial Cost:** Buying an existing business often requires a substantial upfront investment, which may include the purchase price, legal fees, and potential debt repayment.

Legacy Issues: You may inherit problems or liabilities from the previous owner, such as legal issues, debt, or a tarnished reputation.

Limited Creative Control: You may be constrained by the existing business model and may not have as much room for innovation.

### **Starting a New Business (Start):**

#### **Pros:**

Full Creative Control: You have the freedom to build your business from the ground up, shaping it according to your vision.

Lower Initial Investment: Starting a new business can be more cost-effective initially, as you can scale gradually and choose your investments wisely.

No Legacy Issues: You won't inherit any pre-existing problems or liabilities from a previous owner.

#### **Cons:**

Higher Risk: New businesses often face higher uncertainty and risk, as they need to establish their market presence and attract customers.

Time-Consuming: Building a brand, acquiring customers, and achieving profitability can take time, which may lead to financial strain.

Market Uncertainty: There is no guarantee of success, and the market may not respond positively to your new venture.

In conclusion, the decision to buy an existing business or start a new one depends on various factors, including your risk tolerance, available capital, business goals, and industry-specific considerations. It's essential to conduct thorough due diligence and consider your personal preferences before making a choice. Additionally, seeking advice from experienced entrepreneurs or consulting with business professionals can provide valuable insights to inform your decision.

## **Chapter 3**

### **The practical aspect:**

### **Analysis of Buying Versus Starting a Business**

#### **3.1 Tools and data collection:**

The research will rely on a mix of primary and secondary data sources. Primary data will be gathered through surveys, interviews, and case studies with entrepreneurs and investors who have experience in either starting a new business or acquiring an existing one. Secondary data will be collected from academic journals, industry reports, and books .

#### **3.2. Participants:**

81 person where participated from various place of both genders,58 males and 23 females in this survey with different ages of less than 18 to above 57 years

#### **3.3. Method:**

Quantitative method has been used. as only one tool was used to collect data which was a questionnaire survey. Although, this questionnaire contains only close ended questions which needs Likert scale responses (agree, disagree, neutral, strongly agree, strongly disagree). Therefore, quantitative method is suitable for such research that deals with numbers.

#### **3.4. data analyses:**

Qualitative and quantitative data analysis techniques will be used to evaluate the advantages and disadvantages of both. options. Comparative analysis will help identify, patterns, trends , and critical factors influencing decision - making .

**Table (1) Frequency of Age**

Age	Frequency	Percent
18-22	13	16.0
23-27	14	17.3
28-32	11	13.6
33-37	13	16.0
38-42	9	11.1
43-47	7	8.6
48-52	6	7.4
53-57	8	9.9
Total	81	100.0

This table show the age of participants. Which calcified various ages, the number of age of those people that less than 18 - 22 are 13, which equal to 16 percent. the number of age of those people that 23 - 27 are 14, which equal to 17.3 percent. the number of age of those people that 28 -32 are 11, which equal to 13.6 percent. the number of age of those people that 33 - 37 are 13, which equal to 16 percent. the number of age of those people that 38 - 42 are 9, which equal to 11.1 percent. the number of age of those people that 43 - 47are 7, which equal to 8.6 percent. the number of age of those people that 48 - 22 are 6 , which equal to 7.4 percent. the number of age of those people that above than 53 - 57 are 8 , which equal to 9.9 percent.

**Table (2) Gender**

	Frequency	Percent
Male	58	71.6
Female	23	28.4
Total	81	100.0

This table shows the gender of the participants. The number of males is 58 which equals to 71.6 percent. In addition, the number of females is 23 which

equals to 28.4 percent. This table explains that both genders participate in this research, and the number of male is more than the number of females.

**Table (3) Current employment status**

	Frequency	Percent
Full-time employee	29	35.8
part-time	29	35.8
self-employed	5	6.2
student	6	7.4
retired	2	2.5
other (earner)	10	12.3
Total	81	100.0

(Full-time employees and part-time workers) both have the highest frequency at 29 each, making up 35.8% individually.

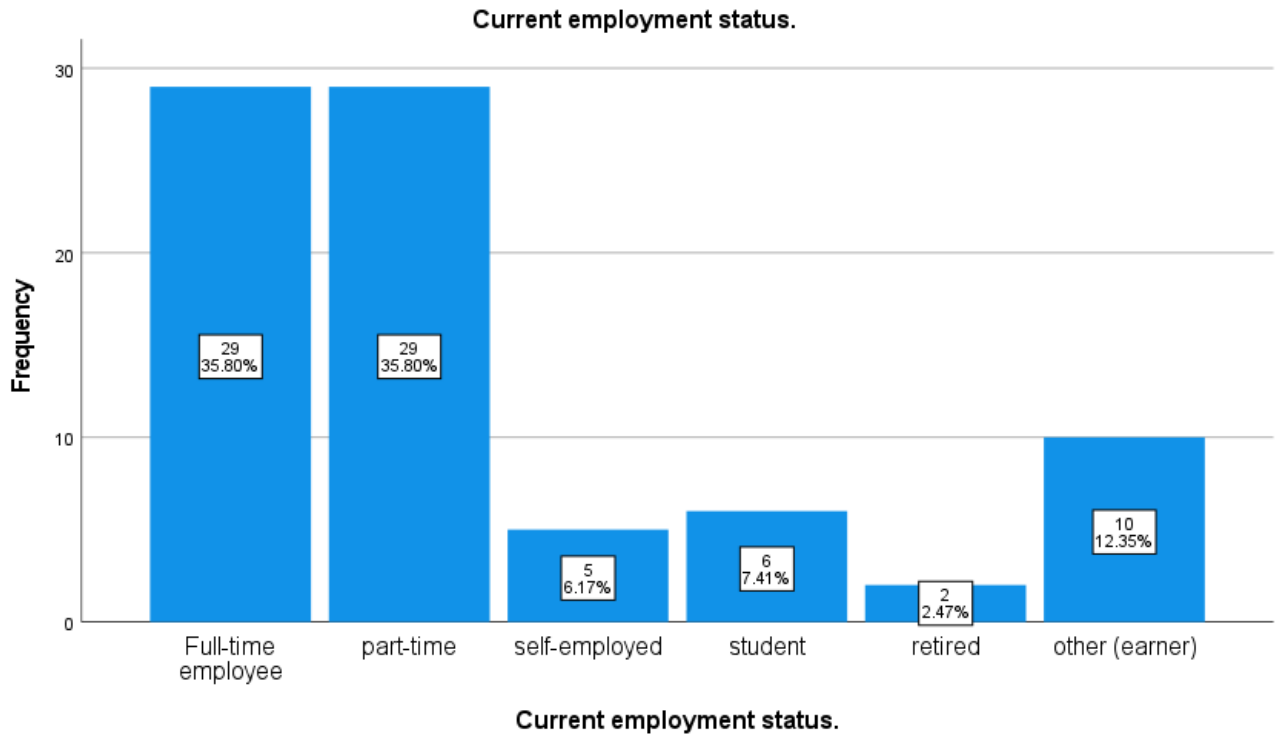
(Self-employed individuals) are 5 in number, accounting for 6.2% of the total.

(Students) are represented by 6 individuals, making up 7.4%.

(Retired individuals) are the least at 2, contributing 2.5% of the (total.

Other earners) are represented by 10 individuals, accounting for 12.3%.

The total count is given as 81.



**Table (4) How many years of experience do you have in entrepreneurship or business management?**

	Frequency	Percent
5 or less	29	35.8
6-10	11	13.6
11-15	16	19.8
16-20	10	12.3
21-25	6	7.4
26-30	5	6.2
31 or above	4	4.9
Total	81	100.0

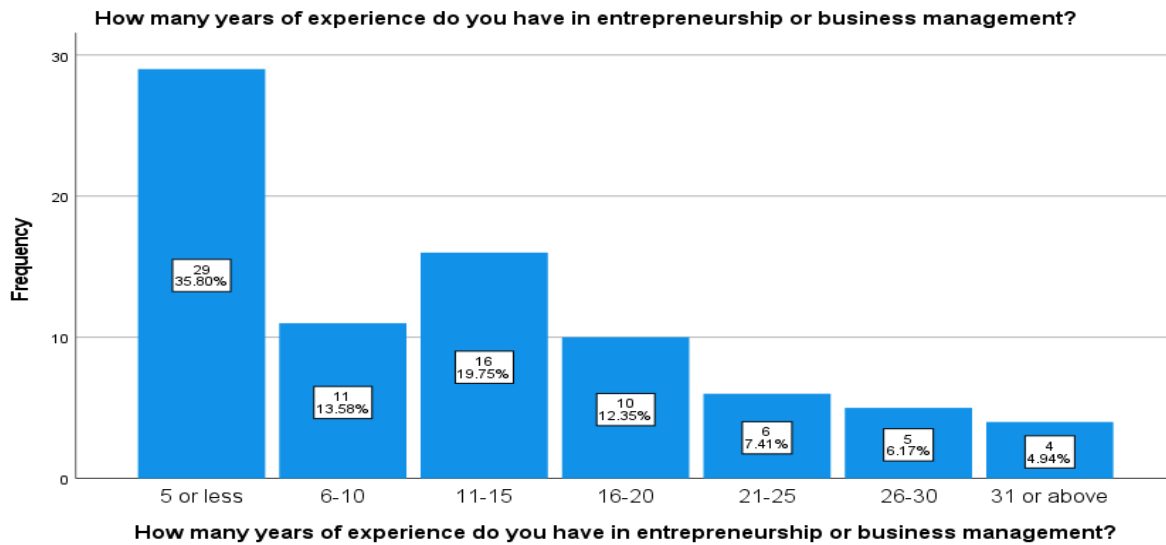
Most respondents (35.8%) have 5 years or less of experience in entrepreneurship or business management.

A smaller group of respondents have 6-10 years of experience, representing 13.6%.



11-15 years of experience is reported by 19.8% of the respondents, which is the second-largest group.

The categories for 16-20 years, 21-25 years, 26-30 years, and 31 years or above show a decreasing trend in frequency and percentage, indicating that fewer respondents have higher years of experience



**Table (5) Have you ever started a new project from zero?**

	Frequency	Percent
Yes	51	63.0
No	30	37.0
Total	81	100.0

Yes: 51 respondents, which is 63% of the total, have started a new project from scratch.

No: 30 respondents, making up 37%, have not started a new project from zero.

This suggests that a majority of the survey participants have experience initiating new projects

**Table (6) Have you ever had an established business?**

	Frequency	Percent
Yes	36	44.4
No	45	55.6
Total	81	100.0

Yes: 36 respondents, or 44.4%, have had an established business.

No: 45 respondents, accounting for 55.6%, have not had an established business.

This indicates that less than half of the respondents have experience managing an established business

**Table (7) if you have experience starting and owning a business, please briefly describe your reasons for choosing each option?**

	Frequency	Percent
unique idea >star . expansion or new market >a quire	15	18.5
passion or impact >start . leverage assets, resource or reputation >a quire	17	21.0
skills, knowledge, network > start . diversify, reduce risk, access technologies> a quire	27	33.3
vision, creativity, courage >start . strategic fit, cultural alignment, value >acquire	22	27.2
Total	81	100.0

Expansion or New Market: 15 respondents chose this option, indicating a strategy focused on growth or entering new markets.

Leverage Assets, Resources, or Reputation: 17 respondents selected this, suggesting a strategy to utilize existing strengths for business opportunities.

Diversify-Reduce Risk, Access Technologies: With the highest frequency of 27, this choice points to a risk management strategy and a focus on technological advancement.

Strategic Fit, Cultural Alignment, Value: Chosen by 22 respondents, this indicates a preference for strategic alignment and value-based decisions in business.

**Table (8) Does starting a new business offer greater creative freedom and flexibility?**

	Frequency	Percent
strongly disagree	2	2.5
Disagree	1	1.2
Neutral	13	16.0
Agree	56	69.1
Strongly agree	9	11.1
Total	81	100.0

The data shows responses to a statement about new businesses offering greater creative freedom. Out of 81 responses:

2.5% strongly disagree

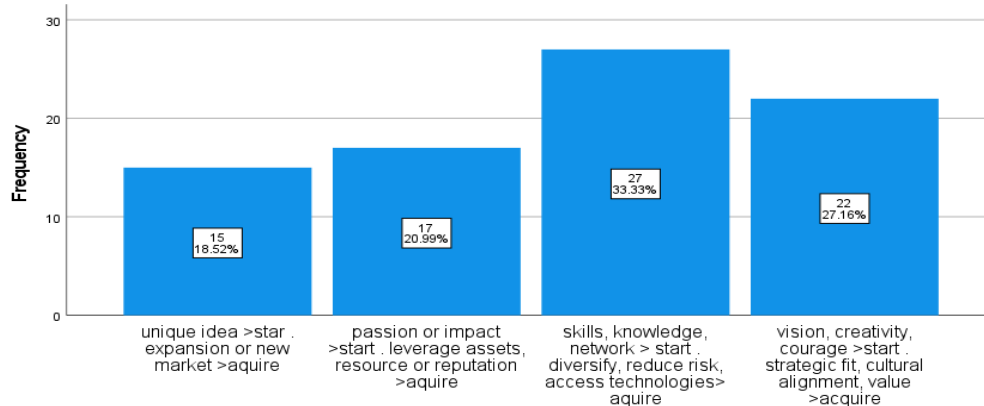
1.2% disagree

16.0% are neutral

69.1% agree

11.1% strongly agree

**if you have experience starting and owning a business, please briefly describe your reasons for choosing each option?**



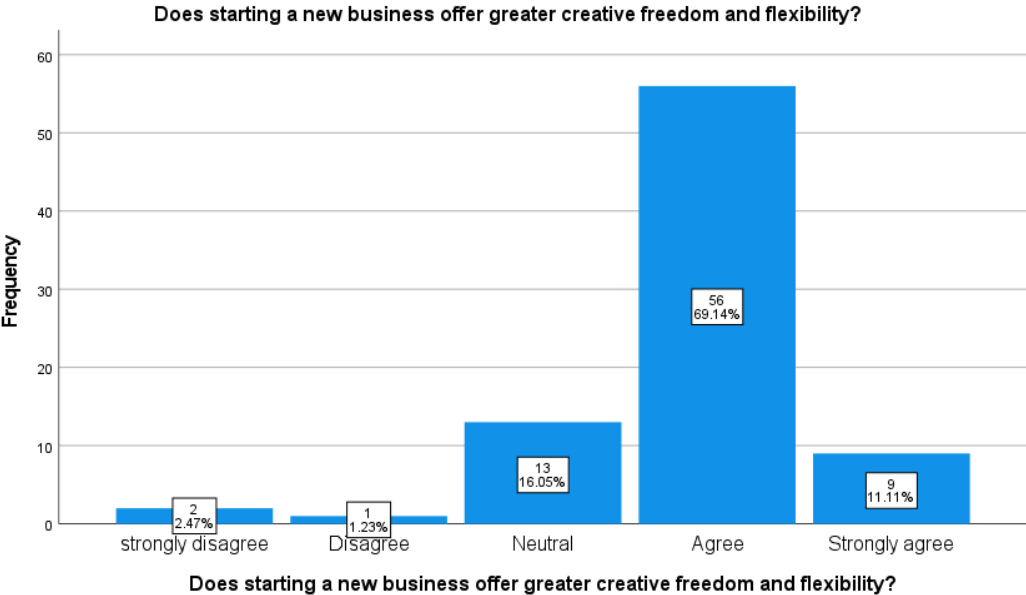
**if you have experience starting and owning a business, please briefly describe your reasons for choosing each option?**

This suggests that a majority of the respondents (69.1%) agree with the statement, indicating a general perception that new businesses may provide more creative freedom. A small percentage disagrees (3.7%), and a significant minority remains neutral (16.0%). This could reflect a variety of individual experiences or interpretations of what constitutes ‘creative freedom’ in a business context.

**Table (9) Acquiring an existing business provides a faster path to profitability?**

	Frequency	Percent
strongly disagree	2	2.5
Disagree	8	9.9
Neutral	14	17.3
Agree	47	58.0
Strongly agree	10	12.3
Total	81	100.0

- 2.5% strongly disagree
- 9.9% disagree
- 17.3% are neutral
- 58.0% agree
- 12.3% strongly agree

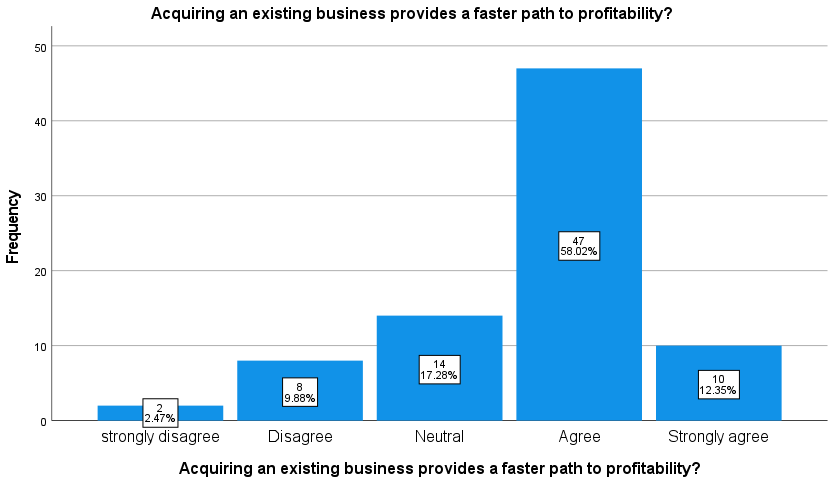


The majority of respondents (58.0%) agree with the statement, suggesting a common belief that owning an existing business may lead to quicker profitability. A smaller percentage of respondents (12.3%) feel strongly about this, indicating a high level of confidence in the statement. Those who disagree or strongly disagree make up a minor portion (12.4%), while a significant number remain neutral (17.3%), possibly indicating uncertainty or lack of experience with business ownership.

This data could be useful for understanding general sentiments about business ownership

**Table (10) Having an established business reduces the risks associated with entering the market?**

	Frequency	Percent
strongly disagree	6	7.4
Disagree	13	16.0
Neutral	17	21.0
Agree	42	51.9
Strongly agree	3	3.7
Total	81	100.0



Strongly Disagree: responses (7.4%)

Disagree: 13 responses (16.0%)

Neutral: 17 responses (21.0%)

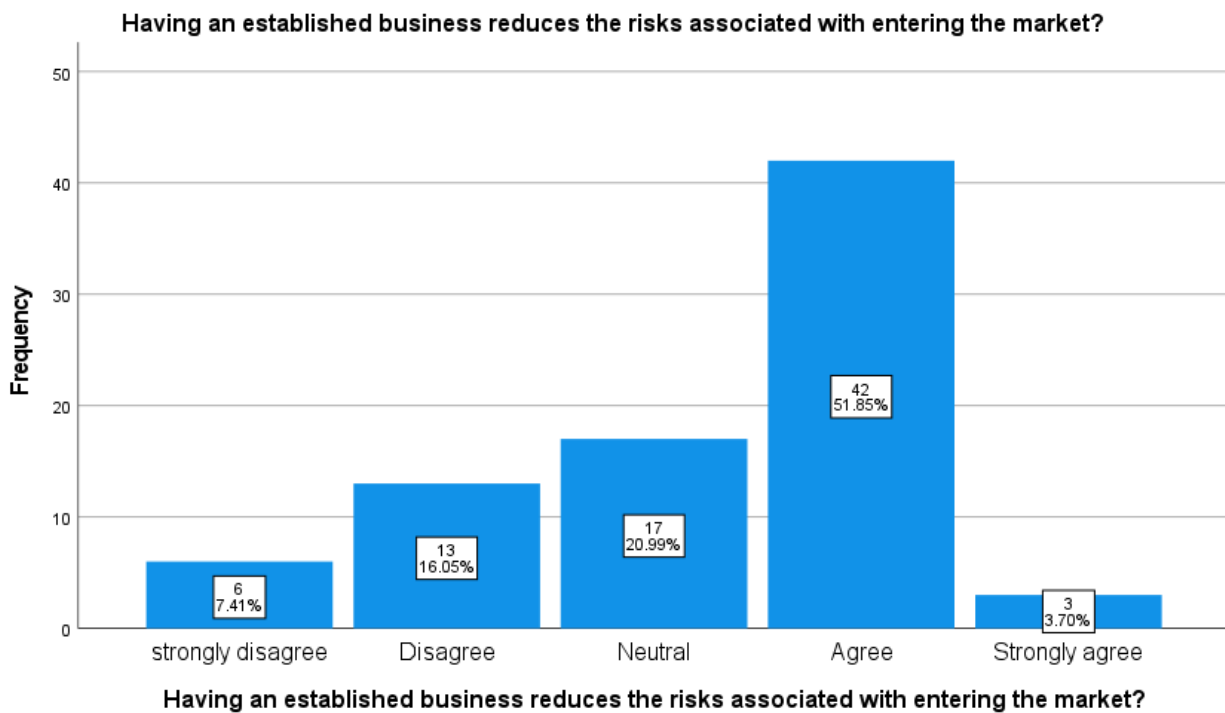
Agree: 42 responses (51.9%)

Strongly Agree: 3 responses (3.7%)

Majority Opinion: Over half of the respondents (51.9%) agree that having an established business reduces market entry risks.

**Table (11) Starting a new business allows for a fresh start without any old problems?**

	Frequency	Percent
strongly disagree	3	3.7
Disagree	10	12.3
Neutral	19	23.5
Agree	46	56.8
Strongly agree	3	3.7
Total	81	100.0



Strongly Disagree: 3 responses (3.7%)

Disagree: 10 responses (12.3%)

Neutral: 19 responses (23.5%)

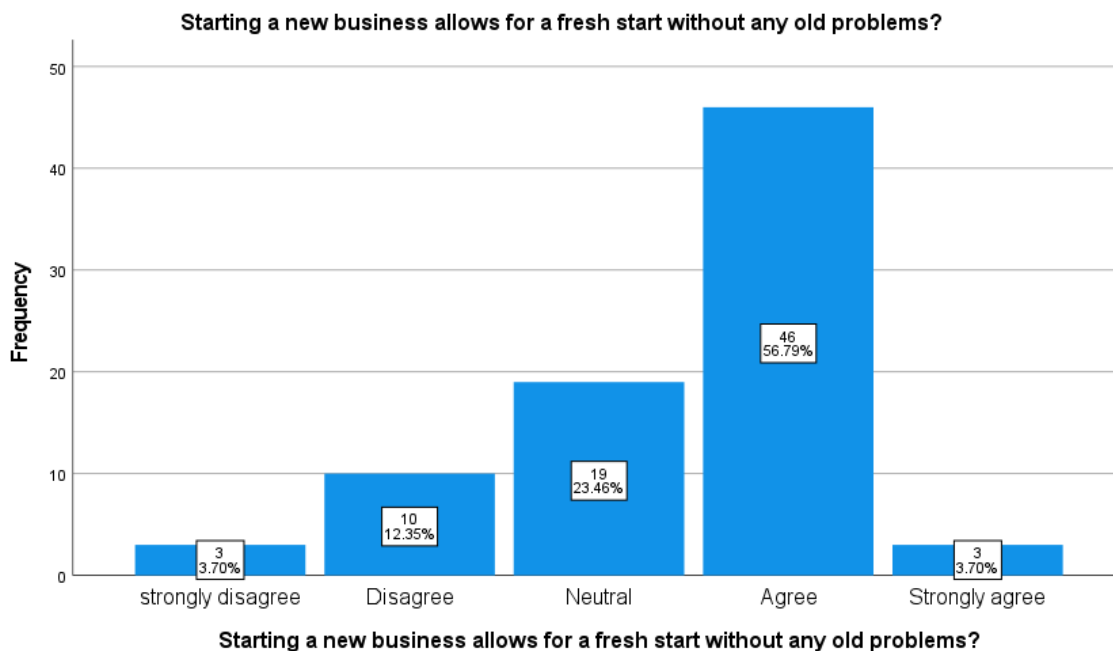
Agree: 46 responses (56.8%)

Strongly Agree: 3 responses (3.7%)

In total, there were 81 responses. The majority of respondents, 56.8%, agree with the statement, while a smaller percentage of respondents disagree or strongly disagree (16% combined). This suggests that the statement was generally well-received by the participants

**Table (12) Acquiring an existing business may result in inheriting problems or debts?**

	Frequency	Percent
strongly disagree	6	7.4
Disagree	14	17.3
Neutral	25	30.9
Agree	34	42.0
Strongly agree	2	2.5
Total	81	100.0



Strongly Disagree: 6 responses (7.4%)

Disagree: 14 responses (17.3%)

Neutral: 25 responses (30.9%)

Agree: 34 responses (42.0%)

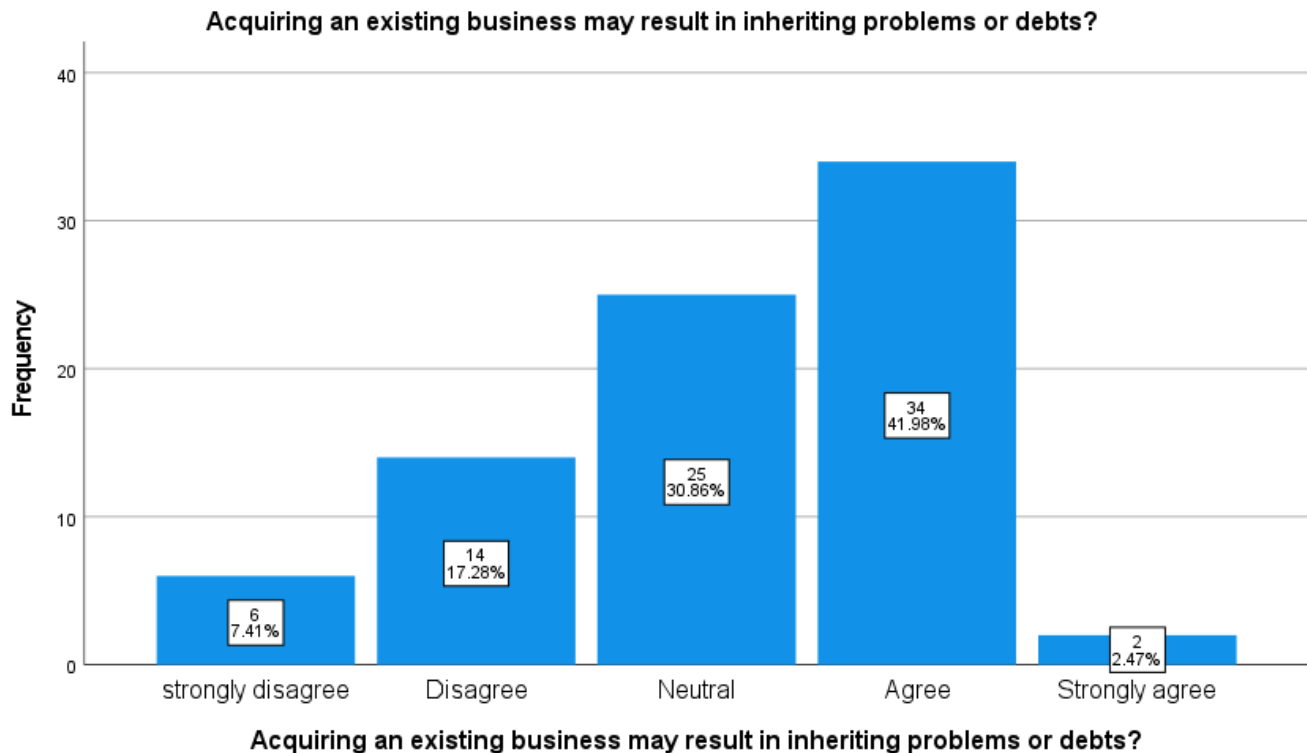
Strongly Agree: 2 responses (2.5%)

The majority of respondents (42.0%) agree that acquiring an existing business may come with inherited problems or debts

**Table (13) If you were thinking about another entrepreneurial project in the future, which option would you be more inclined to choose?**

	Frequency	Percent
Start a new project from scratch	44	54.3
Get existing businesses	26	32.1
Hesitant	11	13.6
Total	81	100.0

Project from scratch: 44 responses, making up 54.3% of the total.





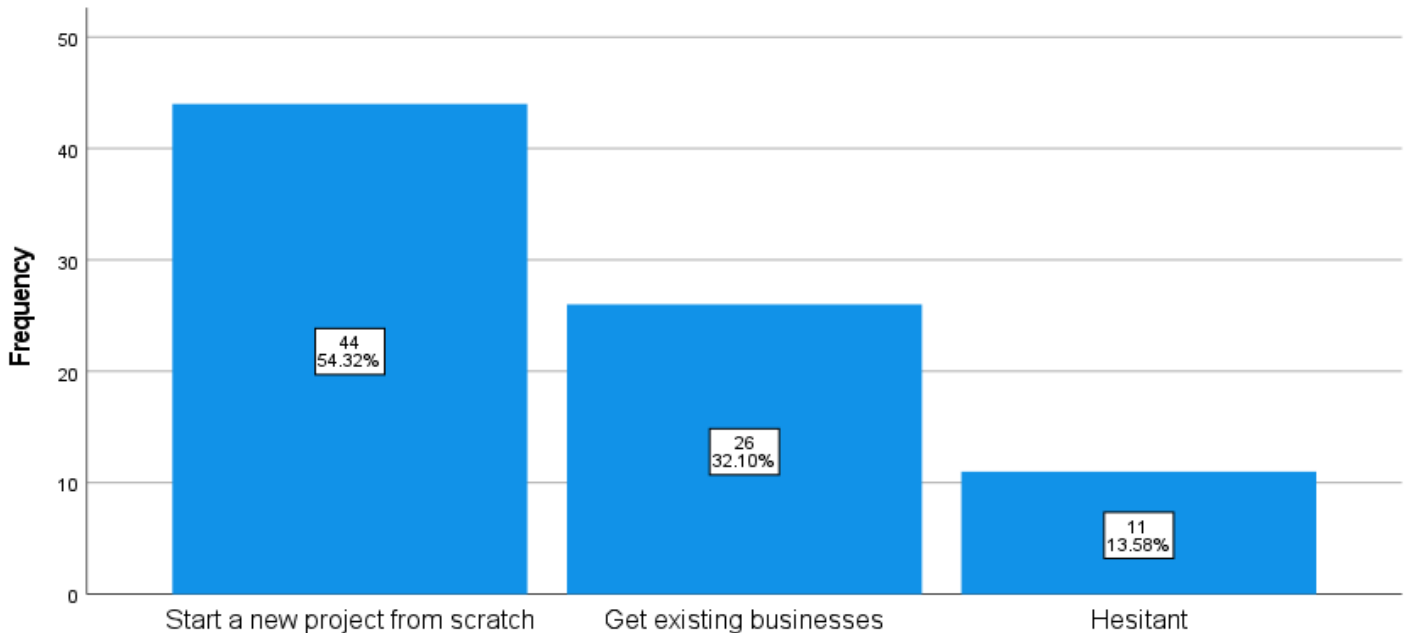
Expand businesses: 26 responses, accounting for 32.1%.

Hesitant: 11 responses, representing 13.6%

**Table (14) What factors do you consider most important when making a decision?  
To start a new business project or acquire an existing one?**

	Frequency	Percent
A) Demand, competition, money, and laws.	18	22.2
B) Interest, skills, location, and impact.	27	33.3
C) Product, customers, price, and channel.	9	11.1
D) Vision, goals, SWOT, and plan.	27	33.3
Total	81	100.0

**If you were thinking about another entrepreneurial project in the future, which option would you be more inclined to choose?**



**If you were thinking about another entrepreneurial project in the future, which option would you be more inclined to choose?**

Demand and Laws: 22.2% of respondents consider demand, competition, money, and laws as key factors.

Interest and Impact: 33.3% believe interest, skills, location, and impact are most important.

Product and Price: 11.1% focus on product, customers, price, and channel.

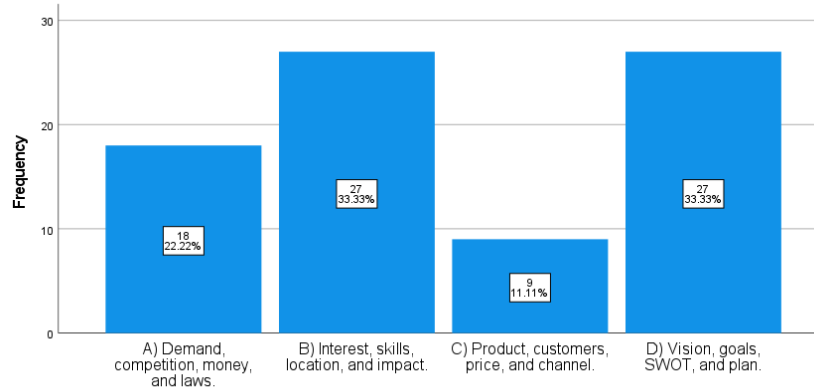
Vision and SWOT: Another 33.3% prioritize vision, goals, SWOT analysis, and having a plan.

The equal importance given to “Interest and Impact” and “Vision and SWOT” suggests that respondents value both personal alignment with the business and strategic planning equally. This indicates a balanced approach to decision-making in business, considering both internal motivations and external market factors

**Table (15) Location (city/country)**

	Frequency	Percent
Erbil	58	71.6
Sulaimani	12	14.8
Duhok	4	4.9
Kirkuk	3	3.7
Baghdad	4	4.9
Total	81	100.0

**What factors do you consider most important when making a decision? To start a new business project or acquire an existing one?**



**What factors do you consider most important when making a decision? To start a new business project or acquire an existing one?**

Erbil: 58 responses (71.6%)

Sulaimani: 12 responses (14.8%)

Duhok: 4 responses (4.9%)

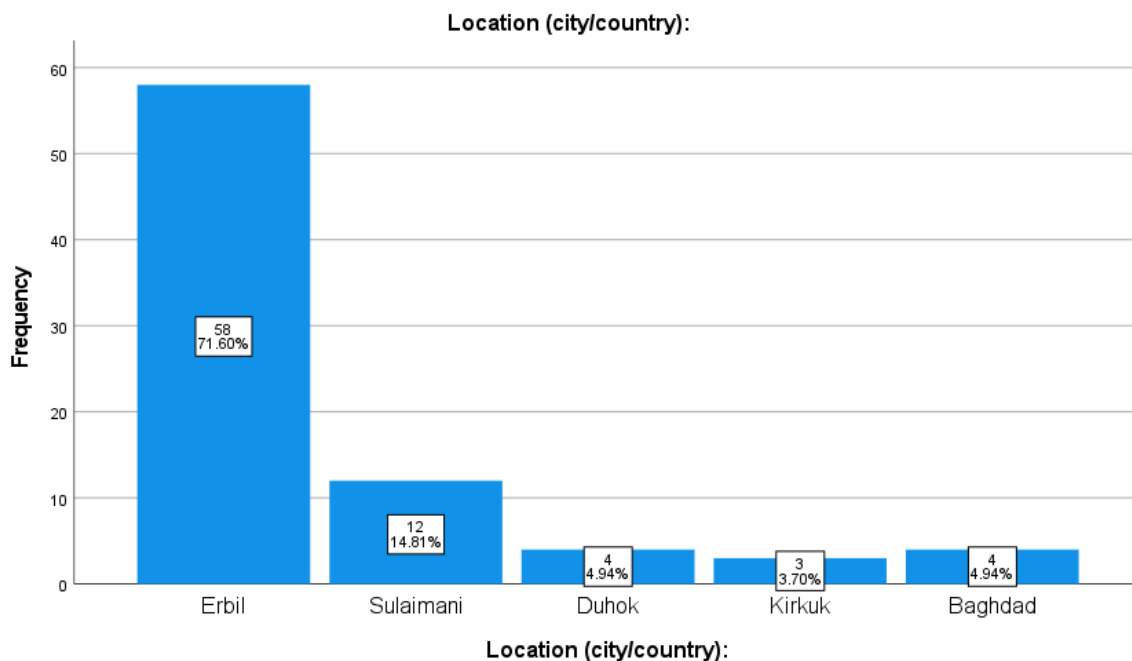
Kirkuk: 3 responses (3.7%)

Baghdad: 4 responses (4.9%)

The total number of responses is 81. The data indicates that the majority of the responses are from Erbil, which significantly outweighs the other locations.

**Table (16) Highest degree achieved on it**

	Frequency	Percent
12 Certificate or less	19	23.5
Bachelor's	34	42.0
diploma	19	23.5
Master	7	8.6
Doctorate degree	2	2.5
Total	81	100.0



The most common degree held is a Bachelor's, with 42.0% of respondents having this level of education.

Certificate or Diploma: Both certificate or less and diploma levels are equally represented, each accounting for 23.5% of the responses.

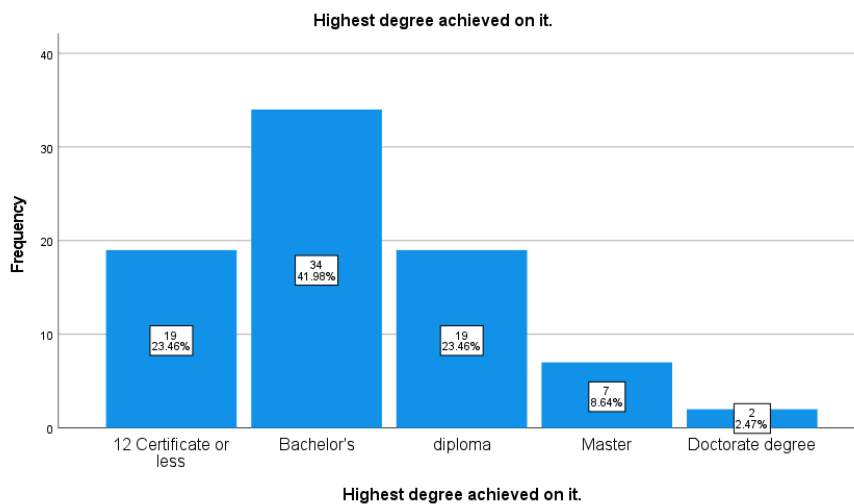
Advanced Degrees: Fewer respondents have advanced degrees, with 8.6% holding a Master's and 2.5% a Doctorate degree.

This distribution suggests that the majority of the group has undergraduate education, which could reflect the educational trends within the population or specific sector surveyed. Advanced degrees are less common, which may indicate a higher barrier to entry or a lesser requirement for such qualifications in the respondents' professional fields.

**Table (17) Correlation Coefficient between business experience and decision-making abilities.**

**Correlations**

			Business experience	Decision making and future plans
Spearman's rho	Business experience	Correlation Coefficient	1.000	.194
		Sig. (2-tailed)	.	.083
		N	81	81
	Decision making and future plans	Correlation Coefficient	.194	1.000
		Sig. (2-tailed)	.083	.
		N	81	81



Variables Compared: The table assesses the relationship between business experience and decision-making abilities.

Correlation Coefficient:

For “Business experience,” the coefficient is 1.000, indicating a perfect correlation with itself, as expected.

For “Decision making and future plans,” the coefficient is .194, suggesting a weak positive correlation with business experience.

Significance Level:

The Sig. (2-tailed) value for the correlation between business experience and decision-making is .083, which is above the conventional threshold of .05, indicating that the correlation is not statistically significant.

Sample Size: The number of observations (N) for both variables is 81, providing a decent sample for analysis.

The data implies that while there is a positive relationship between business experience and decision-making, it is not strong enough to be considered statistically significant. This could mean that business experience alone does not heavily influence decision-making and future plans, and other factors may also play a role.

## Chapter 4

### Conclusions and Recommendations

#### 4.1 Conclusions

Deciding whether to start a new business or acquire an existing one is a critical decision that requires careful consideration of various factors. Both options offer unique opportunities and challenges, and the choice ultimately depends on individual circumstances, goals, and preferences. Here are some key points to consider when making this decision:

**1. Creative Freedom vs. Established Infrastructure:** Starting a new business offers unparalleled creative freedom, allowing entrepreneurs to shape the venture according to their vision and preferences. On the other hand, acquiring an existing business provides access to established infrastructure, customer base, and operational processes, potentially offering a smoother transition into business ownership.

**2. Risk and Reward:** Starting a new business typically involves higher risk due to uncertainties associated with market acceptance, competition, and financial viability. Conversely, acquiring an existing business may entail less risk as it already has a proven track record, established customer base, and revenue streams. However, there may be risks associated with inheriting existing problems or debts.

**3. Market Analysis:** Conducting a thorough market analysis is essential for both options. Entrepreneurs need to assess market demand, competition, and growth potential to determine the viability of their business idea. For acquiring an existing business, evaluating its market position, competitive advantages, and growth prospects is crucial.

**4. Financial Considerations:** Starting a new business requires initial capital investment for setup, marketing, and operations. Entrepreneurs need to assess their financial resources, funding options, and projected expenses. Acquiring an existing business may require a significant upfront investment, but it may offer more predictable cash flows and quicker returns on investment.

**5. Personal Skills and Interests:** Entrepreneurs should consider their own skills, expertise, and interests when deciding between starting a new business or acquiring an existing one. Starting a new venture allows for pursuing passion projects and leveraging unique strengths, while acquiring an existing business may require specific industry knowledge and management skills.

**6. Long-Term Vision:** Entrepreneurs should align their decision with their long-term vision and goals for the business. Whether seeking rapid growth, steady income generation, or eventual exit strategies such as selling the business, the chosen path should align with their overarching objectives.

In conclusion, there is no one-size-fits-all answer to whether to start a new business or acquire an existing one. It's essential for entrepreneurs to conduct thorough due diligence, weigh the pros and cons of each option, and seek advice from industry experts or mentors. By carefully considering these factors and evaluating their own priorities, entrepreneurs can make an informed decision that sets them on the path to success.

## 4.2 Recommendations

Based on the considerations outlined for deciding between starting a new business or acquiring an existing one, here are some recommendations to help entrepreneurs and investors make an informed decision:

**1. Conduct Comprehensive Market Research:** Before making a decision, thoroughly analyze market trends, demand, competition, and growth opportunities in the relevant industry. This will provide valuable insights into the feasibility and potential success of both options.

**2. Assess Personal Skills and Interests:** Evaluate your own skills, expertise, and interests to determine which option aligns better with your strengths and passions. Consider whether you have the necessary experience and knowledge to manage an existing business or if you prefer the challenge of starting something new from scratch.

**3. Evaluate Risk and Reward:** Assess the level of risk associated with each option and weigh it against the potential rewards. Consider factors such as market volatility, financial stability, and the likelihood of success based on your risk tolerance and financial capabilities.

**4. Seek Professional Advice:** Consult with financial advisors, industry experts, and experienced entrepreneurs to gain valuable insights and perspectives. They can provide guidance on evaluating business opportunities, conducting due diligence, and navigating the complexities of the finance and banking industry.

**5. Consider Long-Term Goals:** Align your decision with your long-term vision and goals for the business. Determine whether your objective is rapid growth, steady income generation, or eventual exit strategies such as selling the business. Choose the option that best supports your overarching objectives.



**6. Explore Financing Options:** Evaluate your financial resources and explore financing options available for both starting a new business and acquiring an existing one. Consider factors such as initial capital requirements, funding sources, and potential return on investment to make an informed financial decision.

**7. Conduct Due Diligence:** If considering acquiring an existing business, conduct thorough due diligence to assess its financial health, operational efficiency, and growth potential. Identify any potential risks, liabilities, or challenges that may impact the viability of the acquisition.

**8. Evaluate Strategic Fit:** Consider whether the business you're considering aligns strategically with your expertise, resources, and future growth plans. Evaluate factors such as market positioning, competitive advantages, and synergies with your existing business or skill set.

By carefully considering these recommendations and conducting a systematic analysis of the various factors involved, entrepreneurs and investors can make a well-informed decision on whether to start a new business or acquire an existing one. Ultimately, the choice should be based on a thorough understanding of the market dynamics, personal preferences, and long-term objectives to maximize the chances of success.

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Salaheddin University  
Faculty of Administration and Economics  
Department: Finance and Banking



(research title):

## **Buy vs. Startup: Evaluating the pros and cons of purchasing an existing business**

Dear survey participants, We, students of Saladin University, are conducting a survey to explore the factors influencing the decision to purchase an existing business or start a new one. Your thoughts will contribute to a better understanding of the pros and cons associated with these choices. Your answers are confidential and will be used for academic research. Thank you for your participation.

*Supervised by: D. Kawa Wali*

*Prepared by: Mustafa ahmad, Ayub Salar, Zainab Dyar*

**\* Choose the correct option by marking True :**

**(Section 1)** :Respondent information

1. Age: 18-22  23-27  28-32  33-37  38-42  43-47  48-52  53-57

2. Gender: Male  Female

3. Current employment status:

Full-time employee  part-time  self-employed  non-employed  student   
retired  other

(other - please specify): \_\_\_\_\_.

4. How many years of experience do you have in entrepreneurship or business management?

5 or less  6-10  11-15  16-20  21-25  26-30  31 or above

**Section 2:** Business experience

5. Have you ever started a new project from scratch?

Yes  / No

6. Have you ever had an established business?

Yes  / No

7. If you have experience starting and owning a business, please briefly describe your reasons for choosing each option?

A) : Unique idea → start.

Expansion or new market → acquire.

B) : Passion or impact → start.

Leverage assets, resources, or reputation → acquire.

C) : Skills, knowledge, or network → start.

Diversify, reduce risk, or access technologies → acquire.

D) : Vision, creativity, or courage → start.

Strategic fit, cultural alignment, or value. proposition → acquire.

**Section 3:** Evaluate the advantages and disadvantages

\*Please rate the following statements on a scale of (1 to 5), where 1 represents strongly disagree and 5 represents strongly agree:

1. Does starting a new business offer greater creative freedom and flexibility?

1) strongly disagree  2) Disagree  3) Neutral

4) Agree  5) Strongly agree

2. Acquiring an existing business provides a faster path to profitability?

1) strongly disagree  2) Disagree  3) Neutral

4) Agree  5) Strongly agree

3. Having an established business reduces the risks associated with entering the market?

1) strongly disagree  2) Disagree  3) Neutral

4) Agree  5) Strongly agree

4. Starting a new business allows for a fresh start without any old problems?

1) strongly disagree  2) Disagree  3) Neutral

4) Agree  5) Strongly agree

5. Acquiring an existing business may result in inheriting problems or debts?

- 1) strongly disagree  2) Disagree  3) Neutral   
4) Agree  5) Strongly agree

**Section 4:** Decision making and future plans

1. If you were thinking about another entrepreneurial project in the future, which option would you be more inclined to choose?

- Start a new project from scratch
- Get existing businesses
- Hesitant

2. What factors do you consider most important when making a decision? To start a new business project or acquire an existing one?

- A) Demand, competition, money, and laws.
- B) Interest, skills, location, and impact.
- C) Product, customers, price, and channel.
- D) Vision, goals, SWOT, and plan.

3. Do you have any additional comments or thoughts regarding the acquisition decision versus the decision to go into entrepreneurship?

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**Section 5:** Demographic information

Location (city/country) :-

(Iraq) Erbil  Sulaimani  Duhok  Kirkuk  Baghdad

(other country - please specify): \_\_\_\_\_.

(Highest degree achieved on it):

12 Certificate or less  Bachelor's  diploma  Master

Doctorate degree

Thank you for completing the survey, your contribution is greatly appreciated and will contribute to our research.