To List or Not To List: Expectations versus Reality for Greek Shipping IPOs

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Abstract:

Sharing ownership with outside investors through an IPO has advantages and disadvantages that create dilemmas for company founders. It can further be a source of disappointment when expectations fall short of reality. That's not the case for the Greek ship owners who floated the shares of their companies to major US Exchanges in the early 2000s, however. The listing has met and even exceeded their expectations: Broadened their capital structure, improved image and prestige, strengthened bargaining power with creditors, and enhanced entrepreneurial opportunities

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1. Introduction

Equity financing through a private placement or an IPO has become a popular source of financing in recent years. In the 1990's, this trend was confined mostly to high-technology companies reaching for both the funds and the visibility associated with a successful IPO in a major Exchange, especially the American Stock Exchange (AMEX), the New York Stock Exchange (NYSE), and the National Association of Securities Dealers Automated Quotations (NASDAQ). In 1999 alone, 544 companies completed successfully an IPO in one of these exchanges raising \$87.2 million on average and \$23.6 billion in total (NYSE, 2001). In early 2000s, this trend was extended to traditional sectors, such as shipping. In 2005 alone, seven Greek shipping companies floated their shares in US Stock Exchanges, bringing the total number of listed Greek companies to 13.

Sharing ownership with outside investors through an IPO has advantages and disadvantages that create dilemmas for company founders. Taking a company public provides access to present and future equity financing, augments credibility, improves bargaining power with creditors, enhances corporate prestige, and

fosters employee motivation. At the same time, public listing incurs direct and indirect costs, such as underwriting and registration fees, disclosure requirements, and exposes companies to unfriendly or hostile takeovers.

The advantages and disadvantages of an IPO may not be well known in advance, however. This is especially the case for indirect benefits, such as the improvement of corporate image and prestige and the extension of business relations that enhance the entrepreneurial function of the company that take time to materialize. This means that a post-IPO world may not be as rosy and cozy as anticipated when the IPO decision was made. So, to list or not to list?

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The answer to this question depends upon a number of additional factors that eventually tip the balance between benefits and costs, such as the state of the equity markets and each particular industry, and the company size –to mention but a few. Equity financing, for instance, is much easier in “bull” rather than in “bear” markets. Equity financing is also easier in industries on a cyclical upturn rather than downturn, especially for larger companies with solid financials, as has been the case with the Greek shipping industry in the early 2000s, the subject of this paper.

At that time, Greek ship owners had it all: A resurgence in global equity markets led by robust commodity prices, a cyclical upturn in both cargo volumes and rates, and a reputation as the world’s most astound shipping tycoons that tipped the balance between listing benefits and costs in favor of the former. As our survey of 10 out of 13 Greek listed companies indicates, a listing in major US Exchanges, allowed them to augment and diversify their sources of financing, improve their image and prestige, strengthen bargaining power with creditors, and enhance their entrepreneurial opportunities –meeting and even exceeding their expectations.

Arguing this contention in more detail, the remaining of the paper is in two sections. The first section discusses some theoretical insights on the costs and benefits of going public, while the second section discusses the results of our survey.

2. To List Or Not To List: Some Theoretical Insights

As is the case with every business decision, the decision to go public through an IPO involves a number of direct and indirect costs and benefits that must be carefully addressed and evaluated.

One benefit of going public is the immediate (primary offering) and future (secondary offering) access to equity capital that can be used as an efficient exit mechanism for company owners and venture capitalists, debt retirement, capital expansion, and for “account rebalancing” (Black and Gilson, 1998; Pagano, Panetta & Zingales, 1998; Brennan and Franks, 1997; Röell, 1996; Zingales, 1995).

Another benefit is improved liquidity and risk sharing. Listed shares are far more liquid than non-listed shares, which make them more appealing to investors, especially to those who take an opportunistic approach to investing (Ritter and Welch, 2002, Pagano, 1993, Amihud and Mendelson, 1988). Listed shares can be further part of a diverse portfolio, which appeals to conservative investors who prefer a diverse over a non-diverse portfolio of equities.

A third benefit is the enhanced visibility and corporate image that comes with increased publicity. Regulatory agencies and Exchanges require listed companies to release certain information to the public, and therefore are much more likely to receive the attention of mass-media than private enterprises. Press releases, interviews, news stories, analyst reports and daily stock market tables comprise a free and flexible communication mechanism that improves recognition among the company’s current and future stakeholders (Pollock and Gulati, 2007, Cook et al., 2006; Frieder and Subrahmanyam, 2005).

A fourth benefit of going public is the signals it conveys to potential creditors about the financial health of the corporation (Deeds et al., 1997; Leland and Pyle, 1977). To qualify for an IPO, companies must comply with Exchange and government agency requirements that convey a positive signal to creditors about the financial health of the company. Therefore, IPO enhances financial transparency and improves bargaining power with banks and other financial institutions (Fombrun and Van Riel, 1998). Bankers, for instance, feel more comfortable lending funds to known companies that have already passed the screening test of a reputable institution, rather than to unknown companies that never took or failed such test. This implies that listed companies have a greater bargaining power when it comes to funding negotiations (Rajan, 1992). This is especially the case for companies in capital intensive industries, such as companies in the shipping.

A fifth benefit is the fostering of new business opportunities brought about by the enhanced credibility and corporate profile that attracts the attention of potential inter-organizational partners or alliance candidates, and new customers. Lenders,

partners, and suppliers perceive listed companies as more reliable partners (low risk) than non-listed companies, strengthening existing business relationships and encouraging vertical and horizontal entrepreneurial networking (Ravasi and Marchisio, 2003; Barry et al., 1990).

A sixth benefit of going public is the introduction and implementation of equity-based compensation packages that improve the recruitment and retention of qualified managers and employees, aligning their interests with those of the corporation (Bolton & von Thadden, 1998; Holmstrom & Tirole, 1993).

In short, corporations that consider a public offering expect a number of benefits that range from broadening their capital structure and improved liquidity to the lowering of cost of capital and the expansion of business opportunities. These benefits must be compared and contrasted with a number of expected costs.

One cost of going public is investment banking fees, which account to around 7% of the issue value in the US and 6% in Japan (Hansen, 2001; Chen & Ritter, 2000).

Another cost is Exchange registration fees, due diligence and Stock Exchange listing fees, and auditing, certification and dissemination expenses (Barry et al., 1991). These expenses are rather fixed, in the range of \$250,000-300,000, and therefore they burden disproportionately smaller companies rather than larger companies (Ritter, 1987).

A third cost is underpricing, due to the asymmetry of information between corporate insiders and outsiders. In general, individual and institutional investors aren't as informed as insiders about the real value of the issuing firm, which affects negatively the average quality of the issuing firm and leads to underpricing of the shares issued to the public (Derrien and Kecskés, 2007, Ritter, 2003; Booth and Chua, 1996; Rock, 1986). Adverse selection cost is larger for younger and relatively young firms with a short track record and little visibility (Chemmanur and Fulgieri, 1999).

A fourth cost of going and remaining public is compliance with strict and explicit disclosure requirements that often makes an IPO much more costly than alternative sources of financing (Campbell,

1979). In the US, for instance, securities market regulations, such as the *caveat emptor* (buyer beware) require the disclosure of information that inevitably becomes available to third parties, including current and potential competitors (Yosha, 1995).

A fifth cost of going public is associated with decrease or loss of corporate control and vulnerability to the threat of unfriendly or hostile takeovers (Pagano and Röell, 1998).

In short, an IPO has a number of direct and indirect benefits that range from access to present and future equity financing, to enhancement of corporate prestige and employee motivation (see Table I). At the same time, an IPO has direct and indirect costs, such as underwriting and registration fees, disclosure requirements, and exposes companies to unfriendly or hostile takeovers.

Some IPO costs and benefits may not be fully known in advance, however. This is especially the case for indirect benefits, such as the enhancement of corporate image and prestige and the extension of business relations that upgrade the entrepreneurial function of the company that take time to materialize. This means that anticipated IPO benefits may fall short of actual IPO benefits, and in some cases, the gap between expectations and reality may be sufficient enough to tip the balance towards the costs.

In addition, IPO benefits and costs depend on macroeconomic and microeconomic conditions, such as the state of the equity markets or particular industries and the company size, that may broaden or narrow the gap between anticipated and actual IPO benefits (Pagano, Panetta & Zingales, 1998; Röell, 1996). Equity financing, for instance, is more accessible in rising rather than in declining equity markets (Derrien and Kecskés, 2007). Equity financing is also easier in industries on a cyclical upturn rather than downturn, especially for larger companies with solid financials that lead their industry, as has been the case with the Greek shipping industry in the early 2000s.

3. Greek Shipping IPOs; Expectations versus Reality

There have been the best and the worst times for the Greek shipping industry, which owns the world's

second largest fleet in terms of tonnage, behind Japan (UNCTAD Secretariat, 2006). In the early 2000s, there was the best time. Greek ship owners had it all: First, a cyclical upturn in the shipping industry that created the need for additional capacity. Between 2002 and 2006, the Greek fleet has increased by about 7% annually, in terms of capacity, while in 2006 alone the Greek tonnage additions were 11 million deadweight tons (see Figure I). Second, a resurgence in global equity markets fueled by robust commodity prices, rising cargo volumes and rates (Grammenos and Marcoulis, 1996). Third a reputation as the world's most astounding shipping tycoons (Stefanidis et al., 2007).

These favorable conditions tipped the balance between listing benefits and costs for 13 companies that launched successful IPOs in US Exchanges (see Table II).

For years, Greek shipping companies have relied on plain or syndicated loans from Greek and Far East banks to finance and expand their operations, especially the upgrading and expansion of their fleet (Grammenos & Choi, 1999). This finance structure is reflected in the high interest expense as a percent of EBIT. Even after going public, such an expense approaches or exceeds 50 percent of EBIT. Aries Maritime Transport's interest expense, for instance, accounts for close to 56 percent of EBIT; Quintana Maritime's percent is 49.24, and Omega Navigation's percent is 34.29. But which expected benefits tipped the decision of these companies to go public? Did expectations meet reality?

To address these questions, we formulated five propositions:

Proposition 1: Following an IPO, improved visibility of the shipping company increases its bargaining power with banks and other financial institutions.

Proposition 2: Following an IPO, improved visibility of the shipping company lowers its cost of credit for loans from banks and other financial institutions.

Proposition 3: Following an IPO, improved visibility of the shipping company increases its image and prestige to the stakeholders.

Proposition 4: Following an IPO, improved visibility of the shipping company increases the development of inter-organizational relationships.

To test these propositions, we first conducted a number of in-depth interviews with industry specialists that helped us understand the Greek tycoons' mindset and identify the sources of their success¹. Then, we conducted our own survey of the 13 Greek shipping operators at that time listed in the US equity markets (NYSE and NASDAQ, 2006), which yielded 10 responses (76 per cent).

The survey was carried out through self-administered questionnaires filled in by the CEO of the company, while, only in three cases, we got feedback from the CFO. Except for one case, a minimum of six-month period lapsed between the listing date and the date the survey was conducted (January 2007), which allowed a feedback on both anticipated and actual IPO benefits—a unique feature of our study.

The questionnaire is in two parts. The first part relates a number of factors that were important on the decision of the company to go public in the US stock market. It includes the anticipated benefits such as 'To diversify sources of finance', 'To increase the visibility of the company', 'To facilitate ownership status restructuring'. The second part examines to what extent these benefits were achieved after the IPO. To assess the importance of each factor, the Likert scale from 1 to 7 was used, where 1 represents the least importance and 7 represents the most importance.

Table III summarizes the *anticipated* IPO benefits. Top on the list is financial diversification (mean score 6.60), followed by improved access to capital (6.20), and external growth stimulation (6.00). High up on the list are also the credit cost reduction, the better bargaining power with banks and institutions, followed by increased corporate visibility and improved corporate image.

Table IV summarizes the *actual* IPO benefits. Financial diversification continues to top the list followed by

improved access to capital, too, but the external growth stimulation gives its place to the lower cost of credit. Other factors, such as the improvement of company image and prestige, and debt equity rebalancing have moved up on the list, while bargaining power with creditors has roughly maintained its ranking in both tables. So have actual IPO benefits met the expectations of Greek ship-owners?

To address this question, we have calculated the “gap” between *anticipated* and *actual* benefits. For most factors addressed, actual benefits far exceed anticipated benefits (see Table V). This means that the IPO had a positive –beyond expectations– impact on certain business objectives. This is especially the case for four factors where the gap is larger and statistically significant, the building of inter-organizational relationships, the improvement of corporate image and prestige, the reaching of existing and potential stockholders, and the gaining of greater bargaining power with creditors (see Table VI).

These findings are further confirmed by the post-IPO benefits correlation coefficient matrix (see Appendix): The shipping companies’ augmented visibility that followed the IPO is positively correlated with their bargaining power with potential creditors (correl. coeff.: 0.851, sign. level: 0.05); the improved visibility and the positive signals of financial health is positively correlated with corporate creditworthiness, translating into lower credit costs (correl. coeff.: 0.707, sign. level: 0.05); the improved visibility is positively correlated with corporate reputation, image and prestige (correl. coeff.: 0.917, sign. level: 0.01); the improved visibility is positively correlated with the development of genuine inter-organizational relationships and networks and the exploitation of entrepreneurial opportunities (correl. coeff.: 0.732, sign. level: 0.05).

Our findings are consistent with a number of similar studies. Pagano, Panetta & Zingales (1998), for instance, find that the companies go public to rebalance their accounts after a period of high investment and growth rather than to simply raise equity capital. The authors further confirm that public companies experience a lower bank borrowing cost after the IPO. Rajan (1992) finds that access to equity

markets and public information dissemination elicits competition among lenders that ensures a lower cost of credit. Ravassi & Marchisio (2003) find that enhanced visibility and trustworthiness expands the number of opportunities for collaboration in new development initiatives.

4. Conclusion

An IPO has always been an appealing proposition for companies seeking to broaden and diversify their sources of financing, improve liquidity, and enhance corporate profile that translates to better internal and external relations. These benefits come at a cost, however, which includes listing and underwriting fees, compliance expenses, equity price concessions, and exposure to hostile takeovers.

While some of these costs and benefits are well-known in advance, others aren’t, especially when it comes to indirect benefits and that makes an IPO an uncertain proposition: the post IPO world may save positive or negative surprises. IPO costs and benefits are further sensitive to the prevailing economy, equity market and industry conditions at the time the IPO decision is under consideration that may tip the balance in either direction. A declining economy, a sagging equity market, and an industry in a cyclical downturn tip the point towards the costs. A growing economy, a rising equity market, and an industry in a cyclical upturn tip the point in favor of the listing benefits, especially for industry leaders, as has been the case with the 13 Greek shipping companies that floated their shares in US Exchanges in the early 2000s.

As our survey confirms, the listing has met and even exceeded Greek shipping companies’ expectations: Broadened and diversified capital financing, improved image and prestige, strengthened bargaining power with creditors, and enhanced entrepreneurial opportunities-meeting and even exceeding their expectations. These findings are consistent with a number of similar studies.

Simultaneously, the paper has certain policy implications for companies considering going public. First, they should choose carefully the right place, the right exchange to list their shares. A reputable and

visible exchange is far more effective in improving corporate image and prestige that eventually translates into tangible benefits such as the strengthening of bargaining power with creditors, the lowering of cost of credit, and the creation of entrepreneurial networks and opportunities. Second, they should choose the right time, that is when financial markets are in a bull phase and the industry they are in is in a cyclical upturn. Third, they should keep a closer eye on the indirect benefits of an IPO, rather than on the direct benefits of immediate capital growth. These implications can further be supported if this survey is also conducted in other highly globalized industries, in different business settings.

Note

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Tables

BENEFITS		COSTS	
Direct		Direct	
1	Access to direct financing, ownership restructuring and exit strategy	1	Underwriting and offering registration fees
2	Improved liquidity and portfolio diversification for current and potential investors	2	Investment banking costs
Indirect		Indirect	
1	Augmented visibility and publicity that improves corporate profile	1	Underpricing or adverse selection costs
2	Improved creditworthiness, greater bargaining power with banks and financial institutions, lower cost of credit	2	Compliance
3	Enhanced corporate credibility and development of a network of inter-organizational relationships	3	Exposure to tax authorities scrutiny
4	Attractive compensation schemes for employees	4	Distortion of capital structure and decrease or loss of corporate control

Table 1: Benefits and Costs of Initial and Follow-on Public Offerings

	Company	Stock Exchange	Entry Year	EBIT	Debt	Interest Expense	Interest Expense/ EBIT
1	Aries Maritime Transport Ltd.	Nasdaq	2005	33,564,000	284,800,000	18,793,000	55.99%
2	Danaos Corporation	NYSE	2006	146,265,000	741,070,000	23,415,000	16.01%
3	Diana Shipping Inc.	NYSE	2005	67,721,000	39,450,000	2,731,000	4.03%
4	DryShips Inc.	Nasdaq	2005	131,415,000	577,200,000	20,398,000	15.52%
5	Excel Maritime Carriers Ltd.	NYSE	1999	77,608,000	226,840,000	9,538,000	12.29%
6	FreeSeas Inc.	Nasdaq	2005	152,000	13,120,000	0	0.00%
7	General Maritime Corp.	NYSE	2001	244,757,000	50,000,000	32,400,000	13.24%
8	Navios Maritime Holdings Inc.	Nasdaq	2005	65,994,000	545,380,000	13,569,000	20.56%
9	Omega Navigation Enterprises Inc.	Nasdaq	2006	12,260,000	240,460,000	4,204,000	34.29%
10	Quintana Maritime Ltd.	Nasdaq	2005	10,895,000	459,500,000	5,367,000	49.26%
11	StealthGas Inc.	Nasdaq	2005	17,221,000	150,430,000	2,685,000	15.59%
12	Top Tankers Inc.	Nasdaq	2004	88,861,000	564,100,000	20,177,000	22.71%
13	Tsakos Energy Navigation Ltd.	NYSE	2002	173,002,000	1,110,000,000	11,247,000	6.50%

Source: Adapted from NYSE and NASDAQ, 2006

Table 2: Greek Shipping Companies Listed in the US Stock Exchanges and their Interest Expense

	Mean	Std. Deviation
To broaden and diversify capital financing structure	6.60	0.70
To achieve improved access to capital	6.20	1.14
To stimulate external growth	6.00	1.25
To lower cost of credit	5.40	1.26
To rebalance the debt to equity level	5.10	1.60
To reach efficiently groups of existing and potential stakeholders	4.50	1.78
To gain greater bargaining power with banks and institutions	4.30	1.89
To increase the visibility of the company	4.10	2.28
To improve the image and prestige of the company	3.30	1.49
To support establishment of strategic alliances	3.20	1.69
To facilitate ownership status restructuring	2.80	1.87
To build a network of inter-organizational relationships	2.70	1.57
To let shareholders sell part of their stocks	2.30	1.64

Table 3: Anticipated IPO Benefits (Scale 1-7)

	Mean	Std. Deviation
To broaden and diversify capital financing structure	6.44	0.73
To achieve improved access to capital	6.33	0.71
To lower cost of credit	6.33	0.71
To stimulate external growth	6.22	1.09
To improve the image and prestige of the company	6.00	1.50
To rebalance the debt to equity level	6.00	1.22
To reach efficiently groups of existing and potential stakeholders	5.78	1.99
To increase the visibility of the company	5.67	1.00
To gain greater bargaining power with banks and institutions	5.56	2.01
To build a network of inter-organizational relationships	4.44	1.42
To facilitate ownership status restructuring	3.67	1.66
To let shareholders sell part of their stocks	3.67	2.00
To support establishment of strategic alliances	3.67	1.58

Table 4: Actual IPO Benefits (Scale 1-7)

	GAP
To broaden and diversify capital financing structure	-0.16
To achieve improved access to capital	0.13
To stimulate external growth	0.22
To support establishment of strategic alliances	0.47
To facilitate ownership status restructuring	0.87
To rebalance the debt to equity level	0.90
To lower cost of credit	0.93
To gain greater bargaining power with banks and institutions	1.26
To reach efficiently groups of existing and potential stakeholders	1.28
To let shareholders sell part of their stocks	1.37
To increase the visibility of the company	1.57
To build a network of inter-organizational relationships	1.74
To improve the image and prestige of the company	2.70

Table 5: Anticipated and Actual IPO benefit Gap

	t	df	Sig. (2-tailed)
To build a network of inter-organizational relationships	-4.47	8	0.0021
To improve the image and prestige of the company	-4.08	8	0.0035
To reach efficiently groups of existing and potential stakeholders	-2.73	8	0.0260
To gain greater bargaining power with banks and institutions	-2.68	8	0.0278
To lower cost of credit	-2.29	8	0.0509
To increase the visibility of the company	-1.94	8	0.0883
To let shareholders sell part of their stocks	-1.74	8	0.1202
To rebalance the debt to equity level	-1.64	8	0.1388
To broaden and diversify capital financing structure	1.15	8	0.2815
To support establishment of strategic alliances	-1.08	8	0.3122
To facilitate ownership status restructuring	-1.08	8	0.3129
To achieve improved access to capital	0.43	8	0.6811
To stimulate external growth	-0.21	8	0.8417

Table 6: Paired samples t-test of the expected benefits before the IPO and the achieved benefits after the IPO

Figures

Figure 1: Controlled fleet growth of major shipping nations as of July 1st, 2006 (dwt – yearly average growth rate 2002-2006)

Appendix: The correlation matrix

		To broaden and diversify capital financing structure	To increase the visibility of the company	To facilitate ownership status restructuring	To support establishment of strategic alliances	To gain greater bargaining power with banks and institutions	To improve the image and prestige of the company	To let shareholders sell part of their stocks	To stimulate external growth	To lower cost of credit	To reach efficiently groups of existing and potential stakeholders	To achieve improved access to capital	To build a network of inter-organizational relationships	To rebalance the debt to equity level
To broaden and diversify capital financing structure	Pears. Correl. Sig. (2-tailed) N	1.000 9	0.057 0.883 9	0.035 0.930 9	0.254 0.510 9	0.410 0.274 9	0.229 0.553 9	0.029 0.942 9	0.175 0.653 9	0.406 0.279 9	-0.010 0.980 9	-0.081 0.836 9	-0.456 0.217 9	0.281 0.464 9
To increase the visibility of the company	Pears. Correl. Sig. (2-tailed) N		1.000 9	0.829** 0.006 9	0.553 0.122 9	0.851** 0.004 9	0.917** 0.001 9	0.688* 0.041 9	-0.381 0.311 9	0.707* 0.033 9	0.462 0.211 9	0.177 0.649 9	0.732* 0.025 9	0.510 0.160 9
To facilitate ownership status restructuring	Pears. Correl. Sig. (2-tailed) N			1.000 9	0.667* 0.050 9	0.814** 0.008 9	0.854** 0.003 9	0.905** 0.001 9	-0.230 0.552 9	0.640 0.064 9	0.468 0.204 9	0.320 0.402 9	0.653 0.057 9	0.492 0.178 9
To support establishment of strategic alliances	Pears. Correl. Sig. (2-tailed) N				1.000 9	0.696* 0.037 9	0.580 0.102 9	0.395 0.292 9	-0.675* 0.046 9	0.447 0.227 9	0.013 0.973 9	-0.335 0.378 9	0.241 0.533 9	0.516 0.155 9
To gain greater bargaining power with banks and institutions	Pears. Correl. Sig. (2-tailed) N					1.000 9	0.955** 0.000 9	0.675* 0.046 9	-0.291 0.447 9	0.646 0.060 9	0.254 0.509 9	0.029 0.940 9	0.471 0.200 9	0.407 0.277 9
To improve the image and prestige of the company	Pears. Correl. Sig. (2-tailed) N						1.000 9	0.708* 0.033 9	-0.305 0.425 9	0.707* 0.033 9	0.462 0.211 9	0.236 0.542 9	0.644 0.061 9	0.408 0.275 9
To let shareholders sell part of their stocks	Pears. Correl. Sig. (2-tailed) N							1.000 9	0.152 0.695 9	0.530 0.142 9	0.388 0.302 9	0.442 0.234 9	0.629 0.070 9	0.408 0.275 9
To stimulate external growth	Pears. Correl. Sig. (2-tailed) N								1.000 9	-0.270 0.483 9	-0.090 0.317 9	0.377 0.317 9	-0.312 0.413 9	-0.374 0.322 9
To lower cost of credit	Pears. Correl. Sig. (2-tailed) N									1.000 9	0.771* 0.015 9	0.500 0.170 9	0.455 0.218 9	0.866** 0.003 9
To reach efficiently groups of existing and potential stakeholders	Pears. Correl. Sig. (2-tailed) N										1.000 9	0.860** 0.003 9	0.437 0.239 9	0.565 0.113 9
To achieve improved access to capital	Pears. Correl. Sig. (2-tailed) N											1.000 9	0.331 0.384 9	0.289 0.451 9
To build a network of inter-organizational relationships	Pears. Correl. Sig. (2-tailed) N												1.000 9	0.358 0.344 9
To rebalance the debt to equity level	Pears. Correl. Sig. (2-tailed) N													1.000 9

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)