LARGE SCALE SOCIAL PROTEST:
A BUSINESS RISK AND A BUREAUCRATIC OPPORTUNITY

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ONLINE APPENDIX

A-1 SAMPLING STRATEGY

The original database of IFAT Business Information, from which we derived our samples of public organizations and businesses, contains information about the advertising expenditure of 16,000 Israeli organizations. IFAT's database provides information about organizations' daily expenditure on advertising in Israel, across 120 media sources (TV and radio channels, national and local newspapers, internet websites, cinema chains and billboards). From this dataset, we sampled 50 public organizations and 50 businesses, employing a two-stage stratified sampling strategy, as explained below.

At the outset, we asked a research assistant to randomly select articles that mentioned the phrase "The social protest" from the on-line searchable archive of 'TheMarker' – the daily economics section of Haaretz newspaper - between June 2011 (the outset of the protests) and May 2012 (a year into the social protest). We chose TheMarker, because it was associated, more than any other Israeli newspaper, with the protests and both reflected and amplified the voice of the activists. This initial search yielded 129 articles, which we found to be relevant to the social protest. From these articles, the second author produced an initial list of 49 organizations that were criticized at least once by the protesters or journalists (hereafter: "targeted organizations"). Table 1A documents the distribution of protest-related criticism across sectors. Following this initial survey of the media, we decided to focus on organizations that operate (as producers, distributors, regulators/overseers) in six sectors: four sectors that received relatively high coverage in relation to the protests (food, education, housing, finance) and two that received less attention (transportation, tourism). Of the 49 targeted organizations that were identified in our initial media analysis, 19 organizations (of which 10 are public organizations and 9 are businesses) operate in one or more of the six selected sectors and

were therefore included in our respective samples of public organizations and businesses.[1]

The second stage involved supplementing this initial list of 19 targeted organizations by using IFAT's dataset to randomly sample 40 public organizations and 41 private businesses, which operate within the six relevant sectors.

To create a matching sample of "public organizations" we had to create a sampling population from all the public organizations on IFAT's database that operate in one of the six sectors. Public organizations appear in the IFAT database as "governmental, "municipal" or simply as "organizations". Hence, we first allocated all "governmental' and "municipal" organizations to a sampling population of "public organizations." Next, we had to divide IFAT's category of "organizations" into public-sector organizations versus others (mostly NGOs). This was done based on existing lists of government-owned companies (available from the Governmental Companies Authority), statutory corporations (from the Accountant General 2010 financial report), and municipal companies (based on an index published by the Union of Municipal Corporations). Only "organizations" that advertised over 12 months or more between January 2010 and December 2012 were considered. Out of the 152 organizations that advertised over 12 months or more, we classified 28 as "public organizations," and added them to our sampling population. Thereafter, based on the description of mandates/aims in the websites of 150 relevant public organizations, we classified their operations as related/unrelated to one or more of the six sectors. For this purpose, the first and the second authors independently classified each public organization, and discussed any disagreements. Overall, out of the 150 public organizations, the operations of 109 (73%) were found to be related to one or more of the six sectors. We then randomly sampled 40 from within this population of 109 public organizations to supplement the initial list of 10 that attracted specific criticism in relation to the social protests and attain the full sample of 50 public organizations.

The creation of a matching list of businesses was much less laborious, because IFAT classifies businesses and their advertising campaigns into specific sectors (e.g.

[1] An additional "targeted" organization had to be excluded from the dataset due to missing data regarding its annual income.

'food', 'finance', 'transportation') and sub-sectors (e.g. 'cheese', 'banks', 'motorcycles'). To create the sample population of businesses we therefore selected all observations, which IFAT classified as belonging to one of the six chosen sectors (see table 2A). We then restricted the sampling population to those organizations that advertised during at least one-third (12 months) of the period of 36 months between January 2010 and December 2012. This process yielded an initial sampling population of 1175 businesses and NGOs. From within this population we randomly sampled 41 businesses to supplement the sample of 9 targeted businesses and complete the sample of 50 private businesses.

For each of the above sampled organizations, whether public organization or business, we further checked whether information on annual income was available from public sources. If information about an organization's annual income could not be made available, we removed the relevant organization and repeated our random sampling until we reached our quota of 40 public organizations and 41 businesses.

Table 1A: Initial Analysis of Protest-Related Coverage of Sectors

Sector	Number of articles in which sector was mentioned	%
Housing	67	51.9%
Education	48	37.2%
Labor market	35	27.1%
Welfare services	33	25.6%
Food	33	25.6%
Health	28	21.7%
Finance	21	16.3%
Energy and water	21	16.3%
Defense and security	17	13.2%
Media and Communications	11	8.5%
Transportation	10	7.8%
Tourism	1	0.8%
Total	129	100%

Table 2A: Relevant Categories for the six Sectors in IFAT's Dataset

Sector	Main Category	Sub-Categories
Housing	Construction	Housing; real estate
Education	Education/ studies	Universities; elementary schools and high schools; Yeshivas and Ulpans; language studies; studies (general); colleges and seminars, training for psychometric exams and matriculation exams.
Foods	Food	Meat/chicken; cheese; ice cream; fish; cereals; cereals snacks; salty snacks; sweet snacks; tuna fish; pastries; dairy; soy products; pets food; food (general); oils; natural food; convenience food; baby food; spreads; chewing gums; restaurants/cafes; instant soup; candy; salads; pasta; pralines; ketchup; ice creams; fast food chains; chocolate.
	water and beverages	Liquors; purified water; soda; wine; mineral water; tea; coffee; water and drinks (general); energy drinks; beer; juices; milk drinks; soy drinks.
Finance	Finance	Banks, investments; trading rooms, finance (general); credit cards, mortgages, pension; provident funds, funds; exchange-traded notes.
	Insurance	Motorcycle insurance; car insurance; health insurance; house insurance; insurance (general); mortgage insurance; travel insurance.
Transportation	Transportation	Motorcycles; renting; leasing; car sale; accessories; commercial vehicles / trucks; private vehicles; SUV; transportation (general).
Tourism	Tourism	Tourism sites; hotels/guesthouses; travel agencies; tourism (general); flights.

A-2 OPERATIONALIZATION OF TARGETED ORGANIZATIONS

We systematically checked whether any of the sampled organizations attracted specific criticism in relation to the social protest at any time during the researched period, in which case they were coded as TARGETED. We asked research assistants to search TheMarker newspaper's archive over the entire social-protest period, for any mention of the 100 organizations in our sample combined with a set of key words associated with the 2011 social protest and their linguistic variations ("protest," "demonstration," "boycott," "cost of living" and "social justice"). The assistants read each individual article that came up in their word search, and included only those articles in which the relevant organizations were scrutinized *in relation to the social protests*. The second author conducted an identical media search and content analysis for five targeted organizations,

over a period of three months, resulting in 87% inter-coder agreement (Krippendorff's alpha = 0.71).

A-3 LIKELIHOOD OF BEING TARGETED FOR PUBLIC ORGANIZATIONS VERSUS BUSINESSES

The assumption that individual public organizations face a higher likelihood of being targeted by social activists, compared with individual businesses, has been tested and confirmed by studies that analyzed the occurrence of protests, as recorded in American newspapers (Walker et al. 2008, Van Dyke et al. 2004). To the best of our knowledge, there are no equivalent studies outside the U.S. However, we have a strong case to argue that these findings are generalizable, at least to the Israeli case. Our empirical foundation for this argument is twofold. First, the findings of an Israeli study, which analyzed the Jerusalem Post coverage of protest events between 1949 and 1992 (Layman-Waltzing 1992), suggest that almost all the protests that took place in Israel during that period targeted either national or local government entities. For the purpose of that study, Layman-Waltzing used a broad definition of "protest event," comprising "any kind of protest, including a political strike (as opposed to a regular strike), a protest assembly in a hall, a hunger strike etc." Moreover, he included "not only events with a specific goals, but also eruption and social unrest with no clear aim (i.e. spontaneous riots)" (Layman-Waltzing 1992, p. 14). Based on these criteria, the author surveyed 3535 protest events, of which 92.5% confronted national- and local-level government and public organizations. The remaining 7.5% were directed towards foreign governments and the U.N (Layman-Waltzing 1992, p. 69). These findings suggest that protest movements, in Israel were historically aimed at public organizations, whereas protests against businesses were extremely rare.

Second, to examine further the assumption that individual public organizations face a higher likelihood of being targeted by social activists, we compare the media salience of our samples of 50 public organizations and 50 businesses over the research period (January 2010 to July 2012). Underlying this comparison is our assumption that organizations that attract more coverage face a higher risk of becoming the target of social protest. This is because protesters have an incentive to challenge newsworthy

organizations and thereby maximize the likelihood that the media will cover their cause, which is a key route to the public's attention.

Employing a multivariate regression analysis, we compare the media salience of public organizations and businesses before and after the protests by combining the data from our samples of public organizations and businesses. The dependent variable is organizations' media salience (logged) derived from an additional database purchased from 'IFAT media analysis', a division of 'IFAT business information' that specializes in the analysis of media coverage. IFAT's measure for an organization's media salience includes the number of media items mentioning an organization, across 15 Israeli newspapers and internet websites with the largest circulation. These include 6 daily newspapers and 9 internet websites, of which 2 newspapers and 2 websites focus on business and economic issues.

The independent variables and the structure of our model resemble the main models in the paper. Thus, we include dummies for public organizations versus businesses (public=1) and for the post-protest period (PROTEST). To compare the change in public organizations and businesses' media salience after the social protests, we add an interaction between PUBLIC and PROTEST. In addition, we control for organizations' log(INCOME), for temporality (Half-Year) and for specific targeting of an organization during the post-protest period (TARGET). We also control for the interaction between TARGET and PROTEST, to account for targeted organizations' change in media salience. As in the paper, the effect of the independent variables on organizations' (log)SALIENCE is estimated as a function of their (log)INCOME, assuming that the effect is proportional to organizations' substantive prominence in government or in the market. Finally, we estimate a random effect, first-order autocorrelation of the residuals, and the estimation of the different variance of the residuals across subgroups of businesses and public organizations.

Table 3A displays the regression analysis for organizations' media salience (logged). Model a displays the explanatory variables, without the interaction between PUBLIC and PROTEST. Thereafter, model b adds this interaction term. The coefficients for PUBLIC are positive and significant in both models, suggesting that public organizations' media salience is higher than businesses. The media salience of a public

organization with an income equal to the median income of our sample (274,036,000 shekels), for instance, is expected to be more than 70% higher as compared to a business with the same income. In model b, the coefficient of the interaction between PUBLIC and PROTEST is also positive and significant, while the simple effect of PROTEST is null. This means that in the post protest period, public organizations' coverage further increased (by roughly 16% for a public organization with a median income), whereas the media coverage of businesses did not change. As for the control variables, the coefficients of INCOME and TARGET are positive and significant, as expected. The interaction between them, however, is not significant.

Table 3A: Regression analysis of organizations' media salience

DV – log(SALIENCE)	**a**	**b**
log(INCOME)	0.440***	0.437***
	(.083)	(.083)
log(INCOME)×PROTEST	0.005*	0.000
	(.006)	(.003)
log(INCOME)×PUBLIC	0.040**	0.037**
	(.016)	(.016)
log(INCOME)×PUBLIC×PROTEST		0.008**
		(.004)
log(INCOME)×TARGET	0.072***	0.072***
	(.018)	(.018)
log(INCOME)×TARGET×PROTEST	0.002	0.003
	(.004)	(.004)
log(INCOME)×HalfYear	-0.003*	.0.003*
	(.002)	(.002)
Intercept	-4.434	-4.341
	(1.595)	(1.581)
LRT	83.5	87.4
Pvalue	*<.001*	*<.001*
Number of organizations	100	100
Number of observations	500	500

Notes: Table entries are random effects Maximum-likelihood Estimates (MLE), with standard errors in parentheses.
LRT = Likelihood-ratio test compares the fit of the full model with the null model (with cross section random effects).
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Overall, these results suggest that public organizations, in Israel, and specifically in our sample, attract more coverage than businesses. Moreover, these public organizations

attract even more coverage at a time of social upheaval. These findings hold when controlling for organizations' income and for specific targeting of some organizations. Accordingly, this analysis provides *indirect* support for the assumption that public organizations (compared to businesses), are more likely to attract social activism, due to their newsworthiness, and that keeping a low public profile is a nonviable strategy for them.

A4 ROBUST ANALYSIS

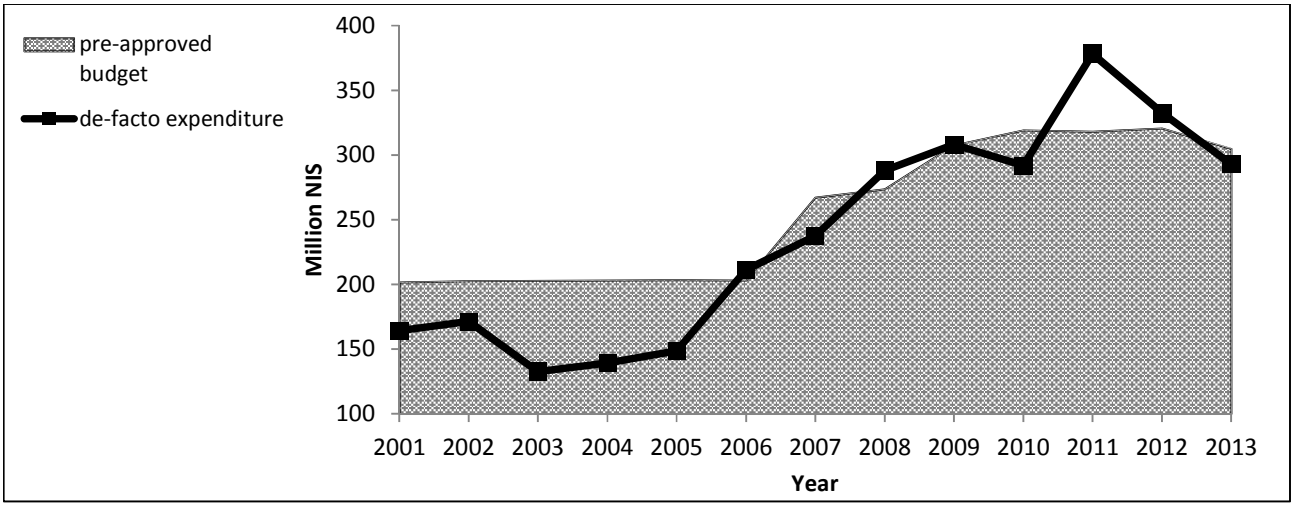
One limitation of our regression analysis as presented in tables 2.1 and 2.2 of the paper, is that, due to our limited research period (2010-2012), our model cannot rule out the possibility that the increase/decrease in advertising expenditure started before 2010. The descriptive analysis in figure 3, in the main paper, suggests that this concern is greater in relation to public-sector organizations, because their expenditures increased throughout most of the research period. To exclude this possibility, we collected state budget data regarding the expenditures of the Government Advertising Agency – 'LAPAM' – between 2001 and 2013. LAPAM produces most government ministries' campaigns, and its expenditure is a good measure of central government's aggregate expenditure on advertising. We compared LAPAM's pre-authorized budget (its appropriation) for each year, with its de-facto expenditure.[2] This enabled us to test whether the increase in public organizations' post-protest expenditures on campaigns was exceptional compared with previous years.

The results of this analysis, as displayed in Figure 1A below, support our analysis showing that central government's de-facto expenditure on public campaigns during 2011 (and in 2012, albeit to a lesser extent) unprecedentedly exceeded its authorized budget. Accordingly, whereas LAPAM's preapproved budgets for 2011 and 2010 were almost identical, its de-facto expenditure in 2011 increased by 30%, exceeding its preapproved budget for that year by almost 20%. In comparison, between 2001 and 2010 the agency's de-facto spending exceeded its preapproved budget only twice (in 2006 and 2008) and

[2] The data was retrieved from the Israeli "Open Budget" website (http://www.obudget.org), which displays budgetary data collected from government accessible digital sources. The website is operated voluntarily by the "open knowledge workshop", NGO.

only by less than 5%. These results confirm that the increase in deployment of public campaigns by government ministries during 2011 and 2012 was not a systematic time-trend that began before 2010.

Figure 1A: The Government Advertising Agency (LAPAM) budget 2001-2013



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