

POLBUSNETWORKS

Research Data Processing Protocol and Privacy Notice

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1. Research establishment

POLBUSNETWORKS is a research study funded by the European Research Council. Research in this study is conducted by team members at Central European University (address: 1051 Budapest, Nador u. 9., hereinafter as “CEU”) and other academic institutions with which team members are affiliated. Each project which is part of this study is approved in advance by the CEU Ethical Research Committee.

2. Purpose of the research and data processing

POLBUSNETWORKS studies the role of networks involving firms---networks between firms and politicians, and networks between firms and firms--for economic outcomes. The research focuses on two broad questions.

(A) Political networks. What are the determinants and implications of political favor networks? This project documents the circle of favors leading to media capture using publicly available Hungarian data. As part of this project we will explore whether managers from the business groups of politically connected investors were more likely to get key positions in state-owned firms, and whether these state-owned firms were subsequently more likely to advertise in politically connected media. The results are expected to help understand how political institutions shape economic outcomes.

(B) Business networks. What is the impact of supply chain networks on firm performance? Part of the project uses a field experiment in China to measure the causal effect of suppliers. In that part we will survey owners of small businesses, and, in an intervention, we will introduce to some small businesses potential suppliers. In another part of the project we use anonymous observational data from Hungary on firms' suppliers to quantify the contribution of supply chains to firm performance. The results help understand how supply chains and their misallocation shape firm and aggregate productivity.

3. Nature and source of data

We use the following data in our research.

A) Political networks. (i) We use publicly available data on Hungarian firm officials, including their name, mother's name, date of birth, address, and firm address. These data are collected and made public by the Hungarian Company Register and are sold by multiple vendors. (ii) We use publicly available data on firm performance from the same source. (iii) We also use data on firms' advertising in different media. These data are also public, and are collected and sold by Kantar Media. As all these data are public, data processing issues only emerge when we create links within the data or when we combine the different datasets. As described below, we anonymize the personal data before conducting any of these steps.

B) Business networks. (i) We collect data using surveys with the managers of firms in China. Managers participate in the surveys voluntarily. In the surveys we ask a range a range of questions related to firm performance, including the firm's balance sheet, suppliers and clients. These data also include the manager's name, address and phone number. We fully anonymize these data in China before conducting any analysis. (ii) In another part of this project we use fully anonymous data about firms suppliers and clients in the Safe Centre of the Hungarian Statistical Office.

4. Legal basis for processing personal data

We process the information outlined in this Research Data Processing Protocol and Privacy Notice in pursuit of our **legitimate interests** in conducting scientific research.

Although CEU relies on legitimate interest as the legal basis for processing where this is not overridden by the interests and rights or freedoms of the data subjects concerned, it recognizes that it is not the only lawful ground for processing data. As such, where appropriate, CEU will also process your data on an alternative legal basis – for example, when you give your explicit **consent** to us to do so.

5. The data processing procedure

A) Political networks

1. We purchase the data from vendors.
2. We create unique personal identifiers for firm officials using the name, mother's name and other personal information. We then anonymize the data by replacing the personal

data with these unique identifiers. We only use the anonymized data in all subsequent steps. We keep the correspondence between names and personal identifiers in separate password-protected files on password-protected computers.

3. Using the personal identifiers we will trace the careers of firm officials. Using tax identifiers we then link the firm data and the advertising data.
4. We will conduct the analysis.
5. All data will always be kept on password-protected computers.
6. We will only release statistical results from which individuals cannot be identified.
7. We will destroy the file linking names with personal identifiers five years after the research project is completed. We intend to make the fully anonymous main data file public for subsequent replication studies.

B) Business networks

1. We will subcontract data collection in to a third party. The contract will ensure that data protection and processing standards are met.
2. Small businesses in China will be selected from the official firm registry, based on their location and industry. These businesses will be contacted by mail and direct contact, using the help of a local government agency.
3. Business owners will be asked whether they are interested in participating in a program that may allow them to connect with additional suppliers and clients. They will be told that the program is part of a research project, and also involves surveys.
4. Interested business owners will give their explicit informed consent to participate, and to be surveyed, after being informed about the program and the content of the survey.
5. Data collected in the surveys will be entered into password-protected computers by the survey team in China.
6. Data will be fully anonymized in China: all personal data will be replaced by unique numerical identifiers. The link between manager names and unique identifiers will be kept in separate password-protected files in China.
7. Only anonymized data will be exported to Hungary, and also to the United States where team member Jing Cai works.
8. We will conduct the analysis with the anonymous data in Hungary and in the United States.

9. All data will always be kept on password-protected computers only as long as it is necessary for completing our research, which shall be no longer than five years after the conclusion of the research project.
10. We will only release statistical results from which individuals cannot be identified.
11. We will destroy the file linking names with personal identifiers five years after the research project is completed. We intend to make the fully anonymous main data file public for subsequent replication studies.
12. The other part of the business networks project involves fully anonymous data available through the Safe Centre of the Hungarian Statistical Office.

6. Ensuring the rights of our participants

A) Political networks. The data on firm officials is public, and we anonymize the data before conducting any analysis.

B) Business networks. Subjects have the following rights related to their personal data:

- right to access their personal data,
- right to object to the processing of their personal data,
- right to rectify and erase their personal data,
- right to restrict the processing of their personal data.

Data subjects can withdraw their authorization for storing and using their data any time without justification. If they choose to do so, they are fully deleted from the database and all data on them and their firm is destroyed. We also inform subjects that we do not pass on their personal information to third parties except for when we introduce them to potential suppliers and clients as part of the intervention. All this information is part of the informed consent.

If data subjects wish to exercise any of these rights, they shall send an email to privacy@ceu.edu or write to us at CEU Data Protection Officer, Nádor utca 9, 1051 Budapest, Hungary. CEU will make every effort to fulfill your request to the extent allowed by law and will respond in writing within 30 days of receiving your request.

Should data subjects wish to request help from the relevant national authority, their details are as follows: National Authority for Data Protection and Freedom of Information (1125 Budapest, Szilágyi Erzsébet fasor 22/c).

Contact details of the data controller:

Közép-európai Egyetem

1051 Budapest

Nador u. 9.

Phone: + 36 1 3273000

Contact details of the Data Protection Officer:

Irisz Szel, Legal Counsel and Interim Data Protection Officer

Central European University

1051 Budapest

Nador u. 9.

Phone: + 36 1 3273000

Email: szeli@ceu.edu

7. Provisions on data security

All personal data are stored in password-protected files on password-protected computers. Only dedicated team members have access to these data. We adhere to the applicable legal provisions on data privacy and data security included specifically in Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information and in Act CXIX of 1995 on the Use of name and Address Information Serving the Purposes of Research and Direct Marketing, as well as in REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation). For further details please refer to Central European University's Data Protection Policy available at: <https://documents.ceu.edu/documents/p-1805>.

Budapest, June 8, 2018



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