



This dissertation is comprised of three essays on entrepreneurship and corporate social responsibility (CSR). In the first essay, I find that prior employment in the medical device sector has a positive impact on performance due to non-technical knowledge gained at the parent firm. In the second essay, I examine the validity of CSR ratings and find low validity across ratings, implying that there is uncertainty about the underlying construct of CSR. The third essay studies the impact of local contracting set aside programs on minority entrepreneurship and finds that minority entrepreneurship increased between 2.5%-5% after the introduction of these programs.

## **Executive Summary**

Empirical Essays on Entrepreneurship and Corporate Social Responsibility

by

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This dissertation is comprised of three empirical essays on entrepreneurship and corporate social responsibility. In the first essay, I investigate the impact of prior employment on entrepreneurial performance and innovation in the medical device sector. For the entrepreneurs in my sample, I find that prior employment at an incumbent medical device firm is consistent with faster time to venture capital funding, higher pre-money valuations, and quicker product approvals from the Food and Drug Administration (FDA). Interestingly, I find that entrepreneurs do not inherit much technical knowledge from their parent firm, but instead acquire valuable non-technical knowledge relating to marketing and regulation. These types of knowledge allow their ventures to perform better than other new entrants in the medical device sector. In the second essay, I examine the validity of corporate social responsibility ratings. These ratings are created

by socially responsible investing companies to grade companies on social performance. Through an analysis of five of the most prominent sets of ratings, I find little convergent validity (low correlations) across ratings, implying that there is considerable uncertainty about the underlying construct of social responsibility and possibly significant measurement error. I also find that the ratings have weak predictive validity in forecasting future scandals, suggesting that these social ratings may not be accurate in separating responsible firms from irresponsible firms. The third essay studies the impact of local contracting set aside programs on minority entrepreneurship. The set asides programs reserved a portion of city contracts for minority owned firms during the 1980s. Utilizing data from the Current Population Survey (CPS), I employ a differences in differences approach using the white entrepreneurship rate as a benchmark. I find that minority entrepreneurship increased between 2.5%-5% after the introduction of these set asides along with a modest increase in minority employment.