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# Ever Expanding Responsibilities: Upstream and Downstream Corporate Social Responsibility

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# **20** *Ever Expanding Responsibilities: Upstream and Downstream Corporate Social Responsibility*

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Corporate social responsibility, worker rights, human rights, value chain.

## The Changing Nature of Corporate Social Responsibility

The debate on corporate social responsibility (CSR) has been on the public and academic agenda for several decades.[1] In general, CSR issues can be divided into production-related issues (along the supply chain – or how things are *made*) and consumption-related issues (towards the consumer and society at large – or how things are *used*). Following the terminology of Phillips and Caldwell,[2] upstream CSR refers to the CSR debate along the supply chain, and downstream CSR refers to corporate responsibility towards consumers and society at large. The chapter examines current CSR issues, and proposes a social connection model to understand the most recent CSR demands up and down the corporate value chain.

In the sweatshop debate of the 1990s,[3] corporations were criticized for the social and environmental harm created by themselves and their *direct* suppliers during the product finishing process.[4] The debates surrounding Nike or The Gap of the 1990s[5] were limited to the practices of the first-tier suppliers. Nike, The Gap and other corporations were criticized for outsourcing their production process to offshore factories in which workers

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worked under bad conditions such as below minimum wages, low or no health and safety standards, and uncompensated overtime hours.

Today, CSR demands go beyond contractors. As illustrated by the following examples, the current debate envelops the *whole value chain*, and includes challenges involving the geopolitical contexts in which the various steps of value creation occur. Also, CSR issues are increasingly related to product consumption.

In summer 2010, the UK based non-governmental organization (NGO) Global Witness[6] published a report illustrating how mineral and metal trading in the Democratic Republic of Congo fuels civil war, armed conflicts and violence. Minerals and metals are used in various electronic consumer products such as cellphones and computers. In the report, Global Witness[7] demands that electronics brands such as Hewlett-Packard and Motorola engage in greater oversight and exclude those conflict metals from their supply chain. In a similar fashion, other NGOs criticize various industries for financing civil war and violence through their material sourcing in conflict zones.[8] Multinational corporations (MNCs) are increasingly expected to support activities for generating and maintaining peace[9] or for fighting corruption and bribery[10] in those regions to which they are connected through their globally stretched production activities. These activities are referred to as *upstream corporate social responsibility*.

In addition to the expanded CSR demands for production-related (upstream) issues, extended CSR claims relating to *consumption* issues can be observed. That is, corporations are increasingly held responsible for how their products' use affects consumers and society at large – in cases of both intended and unintended uses.[11] This kind of corporate responsibility is referred to as *downstream corporate social responsibility*. One illustration of downstream CSR is the debate about the responsibility of fast-food corporations for the rising levels of obesity.[12] Critics charge that fast-food companies employ marketing communications that target vulnerable consumers (children), and mislead other consumers by using unbalanced information about the nutritional value of their products.[13] Even though obesity is the result of genetic and non-genetic factors, such as sedentary lifestyle or food choice,[14] fast-food chains have increasingly been criticized for their contribution to obesity.[15] Fast-food corporations are alleged to be responsible for products that are high in fat and sugar and contribute to the obesity epidemic in developed and developing countries.

The examples above illustrate the trend of ever expanding corporate responsibilities up and down the value chain. CSR has been on the academic and public agenda since the 1950s.[16] These latest CSR demands, however, are different. The traditional sweatshop debate has created an awareness of the social and environmental externalities in global production. The traditional CSR debate considers the alleviation of harm as a responsibility of (mainly multinational) corporations. In the sweatshop debate corporations were asked to use their business contracts with direct suppliers as a means to enforce decent working conditions. In contrast, the more recent claims refer to suppliers with whom MNCs normally do not have direct contractual links or even direct contact. The link between corporations and harm becomes increasingly stretched and tenuous the further one goes from the focal corporation. Invoking the idea of tensile strength of wires or cables, Phillips[17] refers to the effects of this stretching as "value chain tensility." Corporations are held responsible for things that they have not done themselves, but to which they are *connected* through global production networks – often several steps up and down the value chain.

These most recent discussions[18] on value chain responsibilities are important for how scholars in the business and society field conceptualize the scope and the limits of corporate responsibility. This chapter proposes to analyze value chain issues based on the *social connection logic* advanced by Young.[19] In this chapter, Young's work is used to inform our understanding of responsibility in non-proximate transactions.

The chapter is organized as follows. First, the current debate on expanding responsibilities up and down the corporate supply chains is examined, carving out the differences between this and the traditional sweatshop debate. Then, the social connection model is discussed, followed by an examination of its implications for the CSR debate. Finally, the challenges to an expanded concept of CSR are presented, before some tentative and preliminary conclusions are drawn.

## New Corporate Responsibility: Upstreaming the Supply Chain

The discussion of CSR started upstreaming the supply chain as the sweatshop debate focused on the issue of production outsourcing and worker rights.[20] Since the 1970s and 1980s, corporations have established worldwide supply chain networks, especially in developing countries where production costs and working standards were often low.[21] Since the early 1990s, there has been an explosion of news stories regarding sweatshop conditions, highlighting concerns such as low security and safety standards, health concerns, unpaid overtime hours, low wages and child labor.[22]

NGOs started pressuring MNCs to improve those working conditions at their direct contractors.[23] At first, corporations were defensive and reluctant to act.[24] Phillips[25] isolates three forms that denials of responsibility took: control, connection and knowledge. MNCs claimed, in the first place, that their suppliers were independent corporations. The connection between the object firm and its suppliers was one of an arm's length transaction – all that mattered to the relationship inhered in the product and its delivery. Moreover, these firms claimed that they did not (and possibly could not) control the actions of other firms.[26] Finally, in many cases, the object firms claimed that they simply did not know what went on in these factories owned and operated by others.

As the anti-sweatshop campaigning continued, corporations realized that it exposed them to financial risks[27] and some responded by establishing supply chain management programs.[28] Nike, Wal-Mart and others introduced codes of conduct[29] and included code compliance as a requirement in their contracts with suppliers. While corporations in various industries have started to implement codes and audit systems for controlling the working conditions at their suppliers, criticism has not waned. It has, in fact, intensified as the engagement of MNCs is perceived as insufficient for improving working conditions at direct suppliers.[30] In summer 2010, for example, several suicides by factory workers of Foxconn, which supplies Apple, Hewlett-Packard and other electronics corporations, gained public attention.[31] Newspapers reported bad working conditions at Foxconn's factory such as 100 hours overtime without any time for recreation. Despite Apple's and Hewlett-Packard's supplier codes of conduct, the working conditions in the Foxconn factory were described as devastating.

## UPSTREAM CSR: BEYOND DIRECT SUPPLIERS AND WORKER RIGHTS

However, beyond the immediate problems at their direct suppliers, corporations are expected to solve social and environmental concerns within their geopolitical sphere of influence irrespective of where issues occur in the corporate value chain. For example, Robin Wood, a German environmental organization, criticized Procter & Gamble (P&G) for its *indirect* participation in forced and violent relocation of Indian tribes in Brazil.[32] P&G's supplier, Aracruz, initiated the relocation to ensure cellulose sourcing from eucalyptus plantations.[33] Similarly, some NGOs criticize clothes retailers such as H&M and Wal-Mart for sourcing their cotton from Uzbekistan, where children are forced to harvest the raw product under severe conditions such as low pay and low health and safety standards.[34]

Still deeper into the supply chain, the Dutch NGO SOMO demanded that car manufacturers take "full supply chain responsibility that includes the use of metals."[35] As with many electronics, a portion of the minerals and metals used in automobile manufacturing are sourced in the eastern part of the Democratic Republic of Congo. The profits generated from the mining operations are reported to be used to finance civil war in the country and violence against the local population.[36] NGOs expect MNCs to take responsibility and ensure that the metals used in their consumer products do not contain any "blood minerals."[37] H&M has no direct contract with cotton farms in Uzbekistan, nor do car or electronics manufacturers have direct contracts with the mines in the Democratic Republic of Congo. In these and other examples, upstream CSR demands go beyond the direct suppliers to include the complete production process from resource extraction to product assembly.

In addition to addressing issues further up the value chain, upstream CSR demands also go beyond the harm occurring at the various steps of the globally stretched value chain. Upstream CSR demands go beyond worker rights, and include human rights violations in general. They increasingly include problems that occur in the social and political environment of the production activities themselves. As early as 1998, the diamond industry was accused of financing civil war through its diamond sourcing.[38] More recently, manufacturers of cellphones,[39] computers[40] and cars[41] are alleged to be financing civil war and armed conflicts through their material sourcing in conflict zones.

Corporations are increasingly considered to be political actors[42] in a double sense. On the one hand, they are expected to step in where governments are no longer able or willing to play their presumed regulatory roles.[43] On the other hand, they are expected to avoid situations where they could become accomplices of human rights violations in repressive political contexts. John Ruggie, the former Special Representative of the UN Secretary-General for Business and Human Rights, has defined corporate complicity as "knowingly providing practical assistance, encouragement or moral support that has a substantial effect on the commission of a crime."[44]

There have been numerous complicity accusations against corporations during the last decade, such as those against Talisman in Sudan[45] or Shell in Nigeria.[46] As reported by Amnesty International,[47] Talisman was complicit in human rights violations in Sudan. The NGO reported that civilians who lived close to the company's oil fields were forced to leave the area, or were killed by paramilitary groups. Shell faced similar problems with the local Ogoni people in Nigeria. The Ogoni people fought for greater control over the natural resources on their lands, leading to violent conflicts with national armed security

forces.[48] As Shell was operating in Nigeria at that time, it found itself confronted with demands to investigate its involvement and contribution to the human rights violations in the Delta region.

As these examples illustrate, corporations are exposed to wider and more complex issues in and around their supply chains. The more their supply chains expand into weak or repressive geopolitical contexts, the more of these issues emerge on the corporate agenda. Hence, upstream CSR demands do not only cover worker rights issues, but have expanded to include human rights issues in general. Overall, MNCs are expected to manage their sphere of influence along and around the various supply chain operations to which they are connected.

# New Corporate Responsibility: Downstreaming the Supply Chain

A similar development – from a more direct to a more indirect connection – can be observed in the downstreaming of the value chain towards the consumer. Obviously, corporations are liable for any harm caused by malfunctioning of their products. In classic product liability cases, it is somewhat easier to identify a causal link between the product and harm.[49] For example, in the 1970s car manufacturer Ford faced allegations that flaws in gas tank design led to severe safety risks in its Pinto car, resulting in deadly accidents.[50]

More recent consumption-related issues involve the misuse of otherwise legitimate products. In the US, new regulations have been put in place to curb the use of allergy medication in the production of methamphetamine. A Danish company, Lundbeck, has restricted the distribution of a drug used to treat epilepsy because some US states have adopted it for use in executing death row inmates by lethal injection. This followed on the heels of the American pharmaceutical firm Hospira's decision to stop selling an anesthetic after objections from the Italian government over its use in lethal injections.[51]

More broadly, accusations of corporate complicity in issues such as youth violence and obesity differ substantially from traditional product liability cases as the connection between social harm and companies' products becomes more tenuous. Manufacturers of violent video games (and other media content providers) are accused of contributing to the global increase in youth violence,[52] including triggering school shootings.[53] The fast-food industry has been referred to as "the tobacco industry of the new millennium."[54]

Downstream CSR has also come to include harm that *customers might cause to others* by using the product. In summer 2009, Nokia Siemens Networks was criticized for having sold network infrastructure and software solutions to the Iranian government. The government then used this technology to observe, block and control domestic communications, as well as to identify, capture, interrogate and torture dissidents.[55] In autumn 2010, an Iranian activist filed a lawsuit against Nokia Siemens Networks, Nokia and Siemens for the companies' complicity in his torture.[56] Neither the corporations nor its employees themselves arrested and tortured the activist, but Nokia Siemens Networks sold technology that enabled Iranian authorities to record telephone conversations and SMS text messages sent or received by Iranian citizens.[57]

As these examples illustrate, the link between corporations and harm becomes increasingly stretched and tenuous the further one goes from the focal corporation. Corporations are increasingly held responsible for things they have not done themselves, or caused, but to which they are *connected*.

# Stretching the Value Chain

Classic concepts of responsibility assign responsibility to a person if it can be proven that there is a direct causal link between the action and harm.[58] An actor is assigned responsibility if the direct actions can be causally and proximately linked to an outcome and if those actions were voluntary and consciously performed.[59] Young refers to this as a "liability" approach to responsibility. Some early reflections on CSR that focused on the businessperson's decisions and actions illustrate this understanding.[60] Those concepts aimed to establish direct links between managers and wrongdoings.

However, in the examples above there is no direct link between MNCs and harm. Instead, the connection between MNCs and harm becomes stretched and tenuous. How can we make sense of those latest CSR demands both upstream and downstream in the value chain?

Corporations are increasingly held responsible for things they have not done themselves, but to which they are *connected*. A systemic view of CSR is proposed in this chapter. Societal issues such as obesity, youth violence and human rights violations are systemic, caused by a network. The network members under consideration do not directly cause harm, but are said to contribute to – and have the potential to mitigate – harm through their activities and interactions. Hence, responsibility does not derive from direct actions causing harm but from belonging to a network through which network members are connected to issues.

## A SOCIAL CONNECTION APPROACH TO CORPORATE VALUE CHAINS

Young's[61] social connection model provides a promising approach to understanding the latest CSR demands. Contrary to the liability approach, the social connection model states that responsibility is based on the connection – direct and indirect – between actors, their activities and the (often systemic) harm produced by those activities. It understands harmdoing and injustice as the result of the interaction between numerous actors. Young's approach is based on a social connection logic, shared responsibility, a prospective perspective and a judgment of background conditions, which questions existing rules, standards and regulations.

### Social connection

Instead of looking for direct causal relations between actors and harm, a social connection approach assigns responsibility based on a connection. As Young[62] argues, in the context of globally stretched business activities, CSR issues have become more complex, involving many stakeholders whose actions are interdependent. Responsibility derives "from belonging together with others in a system of interdependent processes of cooperation and competition through which we seek benefits and aim to realize projects."[63] What matters is the social connection of corporations to CSR issues and affected parties. Adopting such a social connection perspective allows for a better understanding of complex challenges such as human rights violations in conflict zones, global warming, water shortages and obesity.

These issues present difficulties under a liability understanding of CSR because it is impossible to determine precise and exclusive causal links between single actors and

those issues. Social connection widens the CSR scope and the number of responsible actors. Considering the interwoven structures that connect different network members, it is obsolete to isolate responsible from non-responsible network members. Rather, all those who contribute to structural injustices by the nature and the connectedness of their actions bear a responsibility – responsibility is shared.

## Shared responsibility

Determining the lines between various parties' responsibilities becomes a challenging task in global societal issues. Finding the main (or solely) responsible entity, as suggested under the liability logic, can lead to blame shifting and diffused responsibility among actors, as Young illustrates in her analysis of the sweatshop problem. However, it is also not helpful to say that all network members are *equally* responsible. Complexity of issues such as human rights violations in conflict zones or obesity requires an understanding according to which responsibility is shared among all those who contribute through their actions and linkages to specific outcomes.[64] Shared responsibility incorporates the notion that there are many actors that bear responsibility (e.g., consumers, governments, international institutions, corporations, etc.). None of them are isolated or absolved as is the case in liability CSR.

The key challenge here, however, is to define the share of responsibility of each network member. Young proposes several criteria such as power, interest, collective ability and privilege. For example, corporations often have the power to prescribe certain standards (working conditions, environmental standards) to their suppliers. Also, if a corporation gains from human rights violations, it has a greater share of responsibility than an entity that does not gain from harm (privilege). Recently, Wood[65] suggested that corporate responsibility for human rights violations along the value chain is determined by corporate leverage. If corporations have the ability to influence other members of the supply chain, they have the moral obligation to do so. This leverage-based responsibility is also consistent with the argument by Ciliberti at al.[66] According to Ciliberti et al., and others, some members of the supply chain possess relevant information (about customer preferences for example) that other supply chain members do not have. This privileged knowledge (or position) enables the so-called chain director to dominate other supply chain members, and trigger changes such as improved working conditions. Hence, the responsibility to improve worker and human rights situations is shared by the chain director (who uses his power to trigger changes), and by his business partners who conform to a code of conduct or business standards.

The idea of shared responsibility is also manifest in the fact that the solution must occur outside the specific sphere where the harm occurs. That is, in some cases the harm might occur in a specific place up or down the value chain (e.g. resource extraction). In other cases, it is the accumulation of decisions throughout the chain that triggers a problem. In such cases, a sustainable solution can only be found in the contributions of actors across the whole value chain. Global warming, for example, can be regarded as a problem to which all actors along and around a value chain contribute – even though more emissions occur in some links in the value chain than others. The solutions are not to be found in the places where the problems occur but only in coordinated initiatives that involve various network members – a classic collective action problem. Global warming can only be addressed through the joint efforts of corporations, governments,

international institutions and the population in general. Consumers have a responsibility to change harmful consumption practices, governments can propel new behavioral routines through regulatory sanctions and incentives, and corporations can develop the technological knowledge necessary to reduce the emissions in the production process.

## Prospective analysis

Recent CSR discussions like those on human rights violations in supply chains and on societal concerns such as obesity signal a shift from a retrospective to a prospective approach to responsibility. Social connection CSR does not deal with assigning responsibility for past incidences to obtain compensation or redistribution. Compensation and redistribution are more typical components of a liability approach to CSR.[67]

Product liability cases illustrate the compensation and redistribution mentality of a liability approach to responsibility. Flaws in Ford's gas tank design led to avoidable safety risks for customers.[68] The debate, however, only emerged *after* fatal accidents had happened.[69] Victims and relatives of victims demanded compensation. The aim of a social connection approach to CSR is different. As discussed earlier, societal challenges such as human rights violations in conflict zones or obesity are too complex to determine a culprit and demand compensation. No single actor bears a sufficiently large portion of the responsibility to render such an approach worthwhile. Instead, the aim of a social connection approach to CSR is to intervene in the complex system of networks and interdependencies in such a way that harm ceases to exist – or at least is reduced. In relation to the sweatshop debate, the primary goal of social connection CSR is to change the structures and processes that improve worker rights and to exclude systematic human rights violations in and around global supply chains.[70] In relation to downstream CSR, social connection CSR implies that the harmful side effects of products and their consumption are addressed and reduced. For example, NGOs, activists and governmental institutions are concerned about the rise of youth violence. Instead of only identifying the culprit in single incidents (such as school shootings), there is a rising global debate about how to decrease youth violence in general.[71]

## Question background conditions

Finally, social connection CSR evaluates existing institutional settings in which social problems are embedded. While in traditional liability models of responsibility the institutional context is taken as given and the behavior of actors within the context is analyzed, the social connection approach claims that there are structural reasons behind existing problems of injustice. Sustainable solutions to social problems thus do not come only from the behavioral change of one or more actors connected to the problem, but rather result from a systematic analysis of the underlying driving forces of the various actors' contributions to the problem. For instance, existing audit systems used to evaluate working conditions have been criticized because many, if not most, factories cheat when the auditor comes.[72] Obviously, the systematic pressure on costs creates huge incentives for cheating, because decent working conditions would decrease the already small margins of factory owners even further. As long as suppliers are confronted with contradictory demands, they have the incentive to find the easiest (and cheapest) way out. Creating a facade for the auditor is cheaper in the short run than improving working

conditions.[73] In China, for example, the authorities push for economic growth and the implementation of the Chinese labor law at the same time, which also creates tensions and contradictions.[74] Overall, as Misangyi, Weaver and Elms[75] have examined, to fight against pressing social problems, an analysis of the institutional setting in which the problematic practice is embedded is not only important for a better diagnosis of the driving forces behind the problem, but also to better understand which resources might be necessary to change the institutions that drive the problem.

Social connection CSR enables an enlarged understanding of the ways CSR upstreams and downstreams the value chain. It provides a better way of conceiving of the most recent claims in upstream CSR. While in a first move, MNCs were criticized for the working conditions in the factories of their immediate first-tier business partners,[76] demands now flow further up the supply chain and include all links of the chain.[77] As with the new enlarged understanding of upstream CSR, social connection CSR allows a responsibility enlargement downstream towards the consumer.

The requirements of Young's approach (i.e., social connection, shared responsibility, a forward looking perspective and questioned background conditions) will require a reimagining of the duties and responsibilities the various parties have for one another. An exhaustive list is beyond the scope of this chapter; and, at any rate, the nature of shared responsibility likely requires these new understandings to be cooperatively derived among the relevant parties, giving them an emergent, rather than stipulative, quality.

One new duty that can be confidently proposed is that a social connection logic will require a greater level of transparency among the connected actors. Before NGOs can approach MNCs to improve human rights situations in their value chain, for example, they need to do their homework and unveil each link in corporate value chains to show the connection between a company and an issue. It will also be helpful for critics and change agents to possess a nuanced appreciation for the constraints faced at each stage.

## Social Connection and a Duty of Transparency

After being confronted with the problem of conflict minerals from the Democratic Republic of Congo, Hewlett-Packard started tracing metals used in its products to the source, developing a conflict-free smelter validation program, creating a mineral certification program and influencing policy initiatives.[78] Other electronics companies (e.g., Intel and Motorola) approach the problem similarly, surveying and visiting their suppliers to trace minerals to their source.[79] Those transparency initiatives apply a prospective perspective, which is consistent with a social connection approach to CSR. Increased transparency can help in preventing issues from happening.

A similar trend of tracing the origin of raw materials can be found in the textile industry. The Fair Labor Association established the FLA Cotton Project to investigate the possibility of tracing cotton along the entire supply chain.[80] While some companies started initiatives to trace their cotton, some clothes companies and retailers, such as Wal-Mart and The Gap, announced they would ban cotton from Uzbekistan until child labor on Uzbek cotton farms was stopped.[81]

Hence, corporations responded to rising CSR demands with transparency. Paradoxically, the extending CSR demands up and down the value chain illustrate two opposing consequences of transparency. Regarding upstream CSR, increased transparency

can lead to *more* responsibility. When MNCs establish audit and monitoring mechanisms they increase their responsibility for worker and human rights violations along their supply chain as those injustices are supposed to be detected. Imagine that NGOs discover that Intel or any other electronics company with an in-depth auditing mechanism still has conflict minerals in its products. The harm of this news is higher, since it questions the effectiveness of such auditing systems.

MNCs also experience a greater burden of transparency when they disclose the list of their suppliers and sub-tier suppliers. Hewlett-Packard, Nike and other corporations list the names of some (or all) of their direct suppliers on their websites. This allows NGOs and activists to visit the suppliers, and check themselves for worker or human rights violations. Also, the publication of suppliers enables NGOs to verify certain claims such as specific supply chain programs (health and safety training, auditing procedures, correction plans). Hence, in upstream CSR, transparency can become a burden as corporations need to be sure to "walk their talk." Contradicting findings by NGOs will undermine corporations' credibility and their CSR engagement.

In contrast to increased responsibility for upstream issues, transparency can lead to *relatively less responsibility* for companies in downstream CSR issues. When fast-food companies provide information about the nutritional value in a transparent and easy-to-understand way, a portion of the responsibility for consumption shifts to the consumers themselves. This is not to say that fast-food companies have *no* responsibility. Rather, with relatively greater knowledge of what they are consenting to, consumers must bear a concomitantly greater portion of the responsibility for the effects of their behavior. However, this increased transparency does not absolve fast-food corporations from their duty to offer safe products (i.e. healthy food).

The case is similar in the tobacco industry. Warning labels on cigarette packages unequivocally communicate the dangers of smoking to consumers. The past misdeeds of tobacco companies are equally well known. Unlike an earlier time when smokers were led to believe smoking was actually beneficial to health or the dangers of smoking were systematically and univocally denied by the industry (at least in the developed world), smokers are now much more aware of the risks of smoking. Again, tobacco companies are not completely without responsibility for the use – and abuse – of this product. Rather, transparency leads merely to a shift in relative levels of responsibility from the corporation to the consumer.

## Challenges to an Expanded Concept of CSR

The key challenge of a social connection model to CSR is a diffusion of responsibility that lurks behind many of the ethics problems on the corporate agenda.[82] The general problem in finding solutions and engaging in action in networks is that single network members will aim at minimizing their role in responsibility. Bandura[83] made famous the term *diffusion of responsibility*: "Where everybody is responsible no one really feels responsible."[84] Collective action provides anonymity and creates collective irresponsibility.[85] As discussed, there are numerous actors who are connected to an issue and are expected to take some responsibility. This leads some to disengage from the problem and to displace responsibility – a tendency which Bandura[86] defines as "obscuring or minimizing the agentive role in the harm one causes." Even though Bandura[87] discusses this mechanism

on an individual level, diffusion of responsibility can also be applied to a corporate setting. Yahoo, for instance, was criticized for having provided the Chinese authorities with the identity of one of its email account holders, Shi Tao.[88] Shi Tao was arrested and sentenced to 10 years imprisonment. Yahoo used existing regulations as excuses for its (in)action and shifted responsibility to other entities –the governments in China (who made and enforced the law regarding the internet) and the United States (which provides no clear rules for US corporations being exposed to such dilemmas in difficult regulatory contexts elsewhere in the world).

Hence, some actors might acknowledge their connection to an issue but at the same time refer to others as having more responsibility due to a stronger connection to the issue. As Young[89] has highlighted, in the context of shared responsibilities, it is important not only to analyze the connectedness of a network member to the problem at stake, but also to examine what resources and power connected actors can contribute to a solution. Furthermore, she argues that those who profit more from a given situation of structural injustice can be expected to engage more with regards to the solution. While these arguments deliver some rules of thumb (e.g. The Parker Principle: With great power, there must also come great responsibility) for evaluating the scope of responsibility of various actors around a given problem, a key challenge for future research will be to spell out the concrete meaning of these rules with regards to specific problems.

## Conclusions

This chapter has illustrated that there are expanding corporate responsibilities up and down the value chain. MNCs are increasingly held responsible for worker and human rights violations within (sometimes beyond) their supply chain. Also, MNCs are increasingly held responsible for how their products affect consumers and the public in general.

Those latest CSR demands cannot be understood using the prevailing liability approach to CSR. Instead, we presented a social connection approach to CSR to examine the legitimacy of those expanded CSR demands up and down the value chain. Young's social connection approach to CSR allows analyzing the responsibility demands that arise from various relationships (direct and indirect). Also, it acknowledges that issues such as human rights violations or public health are systemic, the result of a wide range of actors within a network.

While this chapter has answered some questions, such as how to make sense out of the latest CSR demands up and down corporate value chains, it also raises new questions for future research to address: How can systemic issues such as human rights or public health be jointly solved by the various actors who are socially connected? What are the concrete duties and responsibilities that derive from a social connection approach to CSR? In the future, social and environmental problems of corporations will have to be understood as systemic problems across supply chains for which systemic solutions will be required that align the engagement of various connected actors in multi-stakeholder efforts.

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