Varieties of Capitalism: National Institutional Explanations of Environmental Product Developments in the Car Industry

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Declaration

This work contains no material that has been accepted for the award of any other degree or diploma in any other university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. Interview research was undertaken with the approval of the University of Sydney Ethics Committee.

I give consent to this copy of my thesis, when deposited in the University Library, being made available for loan and photocopying.

John Mikler  
Discipline of Government and International Relations  
University of Sydney, 2006
For Kara and Annika
Table of Contents

Abstract .............................................................................................................. 9
Acknowledgements ............................................................................................. 10
List of Abbreviations ........................................................................................... 13
Chapter 1 – Introduction ................................................................................... 15
  Introduction ...................................................................................................... 15
  The Global Economic and Environmental Importance of the Car Industry ...... 16
    Economic Significance .................................................................................. 17
    Environmental Damage ................................................................................ 18
  Addressing Environmental Externalities ............................................................ 20
    Mainstream Liberal Economic Perspectives .................................................. 21
    Institutional Perspectives .............................................................................. 23
  The Material and Institutional Importance of Firms’ Home States ................... 26
    The Material Importance of Firms’ Home States ......................................... 27
    The Institutional Importance of Firms’ Home States: The Varieties of
      Capitalism Approach .................................................................................. 31
  Contribution of the Thesis .............................................................................. 33
Research Questions ............................................................................................. 37
Conclusion: Working Hypothesis ......................................................................... 38

Chapter 2 – The Varieties of Capitalism Approach and Operationalising the
Research ............................................................................................................. 48
  Introduction ...................................................................................................... 48
  Insights of the Varieties of Capitalism Approach ........................................... 49
    State-Business Relations .............................................................................. 51
    The Role of Product Markets ...................................................................... 54
    The Role of Financial Markets .................................................................... 56
    Organising Principles of Firms ..................................................................... 59
    The Role of Technology ............................................................................... 67
    Exogenous versus Endogenous Factors ....................................................... 69
    Historical Context ....................................................................................... 70
    Summarising the Varieties of Capitalism of Germany, the US and Japan ..... 72
  Operationalising the Research ...................................................................... 74
    Concern for the Environment and Environmental Sustainability ................ 74
    The Relevance of Climate Change and Fuel Economy ................................. 75
    Timeframe .................................................................................................... 78
Details of the Chapters to Follow ...................................................................... 81
  Chapter 3 ....................................................................................................... 82
  Chapters 4 and 5 ............................................................................................ 82
Chapter 6 and 7 ............................................................... 83
Chapter 8 ................................................................ 85
Conclusion ................................................................ 85

Chapter 3 - Firms’ Carbon Dioxide Emission Environmental Product Development Initiatives ................................................................. 96
Introduction ................................................................ 96
Environmental Product Development Initiatives ......... 97
  Incremental Technologies ........................................... 98
  Petrol and Diesel-Electric Hybrid Drivetrains ............. 99
  Hydrogen Fuel Cell Vehicles ........................................ 99
  Alternative Fuels ....................................................... 100
  What About Fully Electric Cars? ............................. 100
Convergent or Divergent Strategies? ......................... 100
  What Major German, US and Japanese Firms Say in Their Environmental Reports ................................. 107
  National Differences and the Varieties of Capitalism Approach ............................................. 110
    German Firms ....................................................... 111
    Japanese Firms ...................................................... 113
    US Firms ............................................................. 113
Conclusion ................................................................ 115

Chapter 4 – State Regulations in the European Union, United States and Japan ........................................ 118
Introduction ................................................................ 118
Institutional Aspects of Regulation: The Varieties of Capitalism Approach and How Environmental Regulations are Developed ............................................. 120
  The European Union .............................................. 121
  The US ................................................................. 123
  Japan .................................................................. 124
  Comparing the EU, US and Japan ............................. 125
CO₂ Emission Regulations in the EU, US and Japan ... 126
  Market Mechanisms .............................................. 126
  Standards .............................................................. 130
Comparing Regulations with Actual CO₂ Emissions/Fuel Economy ........................................... 135
Institutional Explanations for the Empirical Evidence .............................................................. 147
The Institutional Basis for Internalising Environmental Externalities ......................................... 150
Conclusion ................................................................ 153

Chapter 5 – Market Forces: Social Attitudes versus Consumer Demand ............................................... 160
Introduction .............................................................. 160
Data Sources and Methodology ................................. 164
Social Attitudes ......................................................... 165
  Concern for the Environment ................................... 166
  Willingness to Take Direct Action in Markets .......... 167
  Willingness to Take Non-Market Action ................. 168
Cross Tabulations: Environmental Concern versus Environmental Action…172
Summary of the Findings from Analysing Social Attitudes………………..176

**Consumer Demand.**..................................................................................177
Fuel Economy...............................................................................................179
Light Trucks..................................................................................................181
Engine Size....................................................................................................182
Car Class........................................................................................................183
Diesel Powered Vehicles.............................................................................188
Alternatively Powered Vehicles...............................................................189

**Social Attitudes and Consumer Demand: Institutional Explanations for a Puzzle**..............................................................................................................191
Market versus Non-Market Forces.............................................................193
The Effects of Government Regulations...................................................195
The Role of Technology................................................................................196
The Path Dependence of Established Competitive Advantages..............198

**Conclusion**.....................................................................................................200

**Chapter 6 – Firms’ Rationales for Environmental Product Development Initiatives: Environmental Reporting**...........................................................................207

**Introduction**..................................................................................................207
**Methodology: Analysing Firms’ Environmental Reports**............................210
Sections of Firms’ Environmental Reports Analysed...................................210
Codes Applied...............................................................................................211

**Material versus Normative Factors**...........................................................216
**Material Factors in Detail**.........................................................................220
Market Forces...............................................................................................221
*Competition: Consumer Demand and Competitive Pressure from Other Firms*..............................................................................................................221
*Safeguarding Financial Returns: Profits and Sales, Shareholder Value and Risk Management*.................................................................223
*Proactive Action: Gaining Market Share and Exploiting Business Opportunities*.................................................................................................224
*Market Forces and the Varieties of Capitalism Approach*..........................227

State Regulation............................................................................................228
*National and International Voluntary Agreements*.....................................228
*National and International Legislation*.......................................................229
*Input to the Policy Process*.........................................................................230
*State Regulation and the Varieties of Capitalism Approach*.....................231

**Normative Factors in Detail**.......................................................................232
Social Attitudes.............................................................................................232
*General Social Concern/Raised Awareness of Environmental Issues*........233
*Firm Image*..................................................................................................234
*Responsibility to Society*............................................................................237
*Responsibility to Stakeholders*...................................................................238
Appendices

Appendix A – Questions Asked in the World Values Survey.................................330
Appendix B – Cross Tabulations for Social Attitudes.........................................334
Appendix C – Car Class Definitions....................................................................377
Appendix D – Text of Environmental Reports......................................................381
Appendix E – Coding of Environmental Reports..................................................476
Appendix F – Participant Information Statement and Interview Questions.........497
Appendix G – Key Aspects of the Firms Involved in Interviews.........................501

Bibliography........................................................................................................503
Abstract

Changing the behaviour of firms to take environmental concerns into account is seen as unlikely without effective regulations. However, corporations are increasingly keen to represent themselves as ‘green’, including those in the world’s largest manufacturing sector: the car industry. Given rising concern for the environment and environmental sustainability since the 1990s this thesis asks: what motivates car firms to actually make environmental commitments? Answering this question has implications for whether these commitments are ‘real’ and if so whether they are occurring in response to material factors (e.g. state regulations and consumer demand) versus normative factors (e.g. social attitudes and internal company strategies). In order to answer it, the thesis applies the insights of the institutional varieties of capitalism approach to the German, United States and Japanese car industries, and specific firms within them, in respect of the environmental issue of climate change from 1990 to 2004. Empirical national data is analysed, as well the environmental reporting of individual firms and interviews with key personnel.

The main findings are that what leads the car industry to see environmental issues as central to their business interests hinges on the impact of differing national institutional factors. Specifically, it is a matter of whether firms have a liberal market economy (LME) as their home base, in the case of US firms, or a coordinated market economy (CME) as their home base, in the case of German and Japanese firms. US car firms react more to the material imperatives of consumer demand and state regulations. German and Japanese firms are more mindful of normative factors for their initiatives, such as social attitudes (especially for German firms) and internal company strategies (especially for Japanese firms). They have more of a partnership approach with government. Therefore, car firms have very distinct ‘lenses’ through which they see the environmental performance of the cars they produce. As such, the thesis concludes that the variety of capitalism of nations has implications not just for the type of products that economic actors such as car firms produce, and the competitive advantages they develop, but also the way they address related issues arising as a result of their activities, including environmental issues.
Acknowledgements

Researching and writing this thesis has been a wonderful and fulfilling journey. Although also challenging, I cannot help agree with a good friend of mine who declared that if he could be paid to do more PhDs, he would happily do half a dozen! The challenges and the fulfilment aside, it is also true that undertaking a thesis is only a successful endeavour with the support and encouragement of others. I would like to take the opportunity here to acknowledge some of those who have provided such support. There are so many of them that I am bound to leave some out. I hope they forgive me if I do so.

First and foremost, my thanks go to my supervisor Jason Sharman. He has not just been a source of advice and guidance, but I have come to think of him as a friend. Always on the end of an email (even when in far-flung tropical tax havens undertaking his research) and happy to be on the end of the phone when not in his office in Sydney, he has gone above and beyond the call of duty for a supervisor in all respects.

The staff of the Department of Government and International Relations at the University of Sydney have also been incredibly supportive. They have not only been there to provide advice when needed, but actively sought me out to see how I was progressing and to offer assistance. I could thank all of them here, but the following deserve special mention: Linda Weiss (especially for advice on varieties of capitalism and institutions, and as a constructive criticiser as the PhD Coordinator for the first half of my candidature), Graeme Gill (as the PhD Coordinator for the second half of my candidature), Rod Tiffen (especially for help with SPSS and statistical analysis), Deborah Brennan (especially for help with qualitative analysis software and being a sympathetic ear), Lyn Carson (especially for advice on interview techniques and her dry, knock-about sense of humour), Darryl Jarvis (for advice on everything, solicited and unsolicited), Diarmuid Maguire (as for Darryl Jarvis), Ariadne Vromen (especially for advice on qualitative analysis techniques and how to successfully meet the requirements of the university’s Ethics Committee in undertaking interviews), Betsi Beem (especially for advice on environmental aspects, and helping me to tackle the problem of presenting a lot of information in Chapters 6 and 7), Dick Bryan (for our quick chats that always ended up being long ones, and for repeatedly...
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Last, but not least, family and friends. You have all been so supportive, and willing to listen to my diatribes about cars, capitalism and the environment with (almost) no complaints. My parents, Stella and Sid, have imbued me with a sense that anything is possible, and so have played a large part in getting me to the point where I could imagine taking the time and putting in the effort to take such a project on, even if the last three years have been very difficult because of the toll Alzheimers has taken on my father’s health. Thank you to my Aunt, Teresa Moffett, for her help in this regard too (2004 would have been a write-off without you). But my biggest thanks of all goes to my wife and *best friend*, Kara. She has encouraged and supported me all the way, and I know this has not always been easy. Last but not least, my daughter Annika, born the year before I started this great adventure, has always managed to keep my feet on the ground. She taught me the most important lesson of all, which is that however big the problem, however confusing the issues, you can always come home and pretend you are a tiger!
### List of Abbreviations

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAM</td>
<td>Alliance of Automobile Manufacturers</td>
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<tr>
<td>ACEA</td>
<td>Association des Constructeurs Europeens</td>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>CAFE</td>
<td>Corporate Average Fuel Economy</td>
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<tr>
<td>CCFA</td>
<td>Comite des Constructeurs Francais d'Automobiles</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CERES</td>
<td>Coalition of Environmentally Responsible Economies</td>
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<td>CME</td>
<td>Coordinated Market Economy</td>
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<tr>
<td>CNG</td>
<td>Compressed Natural Gas</td>
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<tr>
<td>CO₂</td>
<td>Carbon Dioxide</td>
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<tr>
<td>DOT</td>
<td>US Department of Transportation</td>
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<td>EC</td>
<td>European Commission</td>
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<td>ECMT</td>
<td>European Conference of Ministers of Transport</td>
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<td>EIA</td>
<td>US Energy Information Administration</td>
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<td>EPA</td>
<td>US Environment Protection Agency</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>FCV</td>
<td>Fuel Cell Vehicle</td>
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<td>GCC</td>
<td>Global Climate Coalition</td>
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<td>GRI</td>
<td>Global Reporting Initiative</td>
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<td>ICC</td>
<td>International Chamber of Commerce</td>
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<td>IEA</td>
<td>International Energy Agency</td>
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<tr>
<td>JAMA</td>
<td>Japan Automobile Manufacturers Association</td>
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<tr>
<td>LME</td>
<td>Liberal Market Economy</td>
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<tr>
<td>LPG</td>
<td>Liquefied Petroleum Gas</td>
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<tr>
<td>METI</td>
<td>Ministry of Economy Trade and Industry</td>
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<td>MITI</td>
<td>Ministry of International Trade and Industry</td>
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<tr>
<td>MNC</td>
<td>Multinational Corporation</td>
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<td>Acronym</td>
<td>Description</td>
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<tr>
<td>NGO</td>
<td>Non-Government Organisation</td>
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<tr>
<td>NHTSA</td>
<td>National Highway Traffic and Safety Administration</td>
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<td>NOx</td>
<td>Nitrogen Oxides</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<td>OICA</td>
<td>Organisation Internationale des Constructeurs d'Automobiles</td>
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<tr>
<td>SUV</td>
<td>Sports Utility Vehicle</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<td>UNCED</td>
<td>United Nations Conference on Environment and Development</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<td>US</td>
<td>United States</td>
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<tr>
<td>VDA</td>
<td>Verband der Automobileindustrie</td>
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<tr>
<td>VOC</td>
<td>Variety(ies) of Capitalism</td>
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<tr>
<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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<td>WVS</td>
<td>World Values Survey</td>
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