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NAFTA in 2000: A paradox for North American Professors

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Abstract

Professors in North America were surveyed to measure their knowledge level of NAFTA issues, their overall assessment of NAFTA so far, how their opinion of NAFTA has changed since it was implemented, the importance of NAFTA, the degree to which teaching has changed because of NAFTA, and the degree to which business schools should change their current curricula because of NAFTA. There were surprising results: Business professors think that NAFTA had a major impact on the business world and that it is a very important issue. Yet, they have not changed their teaching practices and only feel modest changes in business programs are perceived necessary.

Canadian-American trade was initially governed by the Free Trade Agreement (FTA) in 1989, a natural outcome of the Auto-Pack of the 1960s. However, in 1994, the North American Free Trade Agreement (NAFTA) was created by including Mexico. NAFTA provisions includes a plan to gradually eliminate almost all trade tariffs, however many still remain. The creation of this economic bloc was intended to stimulate innovation and competition between companies in a region of 400 million people. However, The North America Free Trade Agreement (NAFTA) has always been a controversial issue, and remains so in this new millennium. Regardless of the position one takes on the NAFTA issue, all agree that NAFTA is complex.

"Although NAFTA does not create a customs union. It creates much more than a free trade area. it is so sweeping in the range of domestic and international policies it addresses that it aspires to many elements of an economic community" (Morici 1996, p.63).

With the exception of Cuba, the Western Hemisphere is now democratic, and a primary issue centers on the FTAA (Free Trade Agreement in the Americas) or WHEI (Western Hemisphere Economic Integration), covering trade integration of the Americas. The move toward economic integration is being felt from Baffin Island to the Tierra de Fuego. As the difficulties of making the transition from traditional protectionism to a barrier-free market are removed, FTAA still remains possible by year 2005. But are business schools doing anything to prepare for the FTAA? One way to partially evaluate this, is by looking at what business schools have done since NAFTA was implemented. As Canada, Mexico and the United States continue to develop NAFTA, and contemplate expansion, what has happened to teaching and to programs in business schools? After all, it is generally thought that business executives need proper training from professors (and many models have been proposed) to succeed in a more integrated economic environment (Bernard & Plaisent, 1996).

Obviously, academic faculty, especially in the business and economics area, play an important role in the free-trade debate. They have a direct impact on students in the classroom, who are future industrial and government leaders. Thus, their opinions and perceptions of NAFTA are extremely important. But what exactly are their opinions and perceptions? Do they differ in Canada, Mexico, and the United States? Current research does not show a clear consensus on this issue. How have teaching programs been affected by the new free-trade environment over the last six years of the previous century? One would think that if NAFTA is an important issue, it would lead to changes in courses and programs (Bernard & Plaisent, 1996).

NAFTA was implemented six years ago, on January 1, 1994. Since that date, many studies have been initiated, yielding results that support both sides of the NAFTA debate. NAFTA supporters have data that suggest that NAFTA has had positive results. They also indicate, that some of the most vocal opponents to NAFTA (including organized labor), have been surprised by unexpected benefits. NAFTA advocates see a bright future for Canadian, Mexican, and the U.S. economies, and believe any costs associated with the agreement are well worth the returns. Finally, they see NAFTA expansion as desirable, further enhancing NAFTA's benefits and opportunities to current and potential new members. Critics of NAFTA reject all of the above claims, and believe just the opposite has happened. Opponents believe NAFTA has been devastating, and also have data to support their positions.

What are the positions of business school professors? How have they changed their teaching and training programs? What is the quality and extent of their research? Despite the prestige and enormous influence that business and economics faculty have, they are not always considered unbiased. A recent article by Eual Press (1998), describes the problem and the unique position of academicians studying NAFTA:

"Unlike journalists, professors seldom venture beyond the classroom to speak with the workers dislocated by free trade. Unlike politicians, they aren't bothered by the cutthroat competition of rival nation-states (to the contrary, they celebrate its power to enhance efficiency). And unlike historians, they rarely bother to ask whether lessons can be derived from the past that contradict the assumptions embedded in their algebraic equations. Free trade is good for everyone, every society and almost everyone in it, neoclassical theory says, and the blinked professors are spellbound by the elegant logic of it all" (Press, 1998, p.30).

Public image is a critical element for the academic community and necessary for meaningful research progress. But business and economic professors should always remember that NAFTA, to some extent, will always be a political issue. "No matter how careful economists are, special interests always will seize their research results in supporting their own objectives. And, no matter how sophisticated and careful research findings are, there will always be politicians, formulating, and noneconomists administrating, policies" (Krueger, 1997, p.19).

For future success in NAFTA research, academics must better recognize all aspects of the debate, not just the area that most directly affects their specialization. Because of individual views, it is logical to assume that there are significant differences between professors within the NAFTA countries. Are there significant demographic differences between faculty members in the three member nations as well? How significant are national differences between faculty members in Mexico, Canada and the United States of America?

Business and economic professors have long been criticized for remaining in their "ivory towers" - at least much of the public views it that way (Press, 1998). Thus, this part of the academic community, because of their perceived detachment, have at the very least, a public image problem. Because of NAFTA's politically charged atmosphere, academic research needs to be credible. But often, academicians are not perceived as being credible when they focus on a narrow set of topics. "Usually our economic scholars hold the concept of equilibrium in the highest regard.....However, economists have ignored the implications of this principle when they describe consequences of integrating the United States and Mexican economies through NAFTA" (Rothstein, 1995, p 41). Thus, it is important for academic professionals to constantly reassess their positions and research direction on the NAFTA debate. Certainly current academic opinions in Mexico, Canada, and the United States, would enhance understanding of NAFTA issues.

Methodology

Research questions that were tested included the following:

1. Are there perceptual differences between faculty members in Canada, Mexico, and the United States on the overall evaluation of NAFTA?
2. What is the perceived knowledge of faculty members in the three countries?
3. Are there perceptual differences between faculty members in Canada, Mexico, and the U.S. on the degree to which opinions of NAFTA have changed since it was implemented.?
4. Are there perceptual differences between faculty members in Canada, Mexico, and the United States on the degree to which NAFTA is considered an important issue?
5. Are there perceptual differences between faculty members in Canada, Mexico, and the United States on the degree to which teaching methods have changed since NAFTA was implemented?
6. Are there perceptual differences between faculty members in Canada, Mexico, and the U.S as to whether business schools should change their curricula because of NAFTA?
7. A series of demographic questions were also included.

Business faculty members at Mexican, Canadian, and American. universities were the targeted respondents for the questionnaire. The questionnaire was administered to these individuals via mail, fax, and electronic e-mail channels. The respondents were chosen on a stratified (three countries) convenience sampling basis through personal contacts. In most cases, contacts were given several questionnaires to be completed by business/economics faculty colleagues at their respective universities. Thus, while convenience sampling may have potential bias (from initial personal contacts known by the researchers), most respondents were not known by the researchers. A total of 211 questionnaires were collected consisting of 70 from Mexico, 71 from Canada, and 70 from the United States. It was originally determined that 210 responses (70 from each country) would be an adequate sample size. Thus, additional questionnaires were sent to potential participants until this goal was met. The criteria for respondents to participate in the project was simple: they must be a faculty member, teaching business or economics courses at a university/college in the U.S., Canada, or Mexico.

To assure content validity, the questionnaire was reviewed by other academic professionals with expertise on NAFTA issues. This step helped confirm that questions had appropriate response categories and had limited bias or oversights. Conducting a peer review also enhanced questionnaire validity, by preventing important questions from being omitted or poorly worded. The peer review also enhanced the location of other potential errors, confirmed question sequencing and overall instrument quality. Finally, the peer review process was used to confirm procedural aspects of administering the questionnaire to assure internal validity.

Reliability was tested by implementing the questionnaire on a trial basis to business students. The business students were asked to respond to the questions twice within a three week interval. A t-test was then conducted to check for consistency of mean responses to the questions on the survey. Calculated T-values for the questions indicated that there was not a significant difference in mean responses for the questions. Thus, questions were determined to be reliable on the questionnaire.

Once the final English version of the instrument was developed and checked for content validity, it was translated into Spanish and French. The translations were checked again by at least two other individuals, before going through the back-translation process. During this phase, the Spanish version (and later the French) were translated back to English to assure consistency and comparable instruments.

A significant emphasis on analysis of variance (ANOVA) was used. ANOVA allowed for the examination of the perceptual differences (similarities) on NAFTA's issues between faculty members in Mexico, Canada, and the U.S. Post-hoc Tests including Tukey, Scheffe, and Dunnett were also completed to examine the strength of significance between values.

Discussion of results

Knowledge. ANOVA analysis indicated that there was a significant difference between responses. Mexican, Canadian, and U.S. mean responses to this question were 4.1912, 3.2857, and 3.0588 respectively. Null Hypothesis 8 should be accepted. Thus, there is a significant difference between professors on how knowledgeable they felt they were about NAFTA. (even though professors in all three countries believe they are knowledgeable about NAFTA).

Assessment. ANOVA analysis indicates that there was a significant difference between respondents. Null Hypothesis should therefore be rejected. Respective mean values for Mexican, Canadian, and U.S. responses were 2.9265, 3.5571, and 3.5882. There is a significant difference between Mexican, Canadian, and U.S. professors on their assessment of NAFTA so far. Post-hoc evaluation indicated that there were significant differences in responses between Mexicans and Canadians, and Mexicans and U.S. respondents (respective Scheffee values of 0.004 and 0.002).

Change of opinion. ANOVA analysis indicated that there was no significant difference between responses. Mexican, Canadian and U.S. mean responses were 3.0000, 3.2059, and 3.2143 respectively. Null Hypothesis should be accepted. There is no significant difference between Mexican, Canadian, and U.S. professors on the degree to which their opinion of NAFTA has changed since it was implemented.

Importance of the issue. ANOVA analysis indicated that there was a significant difference between respondents. Mexican, Canadian, and U.S. mean responses were

3.6176, 4.1324, and 4.0286 respectively. Null Hypothesis should be rejected Thus, there is a significant difference between Mexican, Canadian, and U.S. professors on their assessment of NAFTA being an important issue. Post-hoc evaluation indicated that there were significant differences in responses between Mexicans and Canadians, and Mexican and U.S. respondents (respective Tukey values of 0.006 and 0.049).

Change of teaching. ANOVA analysis indicted that there was a significant difference between responses. Mexican, Canadian, and U.S. professors provided mean values of 3.0882, 2.9853, and 2.5143 respectively. Null Hypothesis should be rejected There is a significant difference between Mexican, Canadian, and U.S. professors on how much they have changed their teaching since NAFTA was implemented. Post-hoc evaluation indicated that the most significant difference in responses were between Mexican and U.S. respondents (Scheffee value of 0.033).

Change in curricula. ANOVA analysis indicated that there was a significant difference between responses. Mean values for Mexican, Canadian, and U.S. professors were 3.6429, 3.5571, and 3.0000 respectively. Null Hypothesis should be rejected. There is a significant difference between Mexican, Canadian, and U.S. professors on the degree to which they believe business schools should change their curricula because of NAFTA. Post-hoc evaluation indicated the most significant difference in responses was between Mexican and U.S. respondents.

Gender differences between professors from Mexico, Canada, and the U.S. were analyzed against these variables. ANOVA was used to calculate F-values. These F-values and significance implications (per dependent variable) are illustrated in Table 5. The critical value of F was 3.07 and was greater than the calculated F-values for dependent questions 1-13 (0.043, 0.000, 0.000, 0.134, 0.629, 0.496, 0.012, 1.002, 0.593, 2.497, 0.946, 0.141, and 0.299 respectively). Thus, on all dependent variables, there was not a significant difference because of gender.

The impact of teaching at a private vs. public institution was also analyzed. ANOVA was used to calculate F-values illustrated in Table 6. The critical value of F was 3.07 and was greater than the calculated F-values for dependent questions 1-13 (0.139, 0.000, 0.329, 0.443, 0.152, 1.427, 2.961, 0.495, 0.184, 0.015, 1.409, 1.086, and 0.166 respectively). Thus, on all dependent variables, there was not a significant difference based on whether professors taught at public or private institutions.

Age differences were also examined to determine if there were significant differences within countries. ANOVA was again used to calculate F-values (These F-values and significance implications (per dependent variable) are illustrated in Table 7. The critical value of F was 2.02 and was greater than 10 of the 13 calculated F-values for dependent variable questions 1-13 (0.722, 0.055, 0.418, 0.086, 0.115, 2.142, 0.011, 0.054, 0.345, 3.308, 0.921, 0.095, and 5.462 respectively). The critical value of F (2.02) was smaller than the calculated F-value for dependent variables "opinion change" and "change in curricula".

Summary conclusions and recommendations:

There was a significant difference in the perceptions of Mexican, Canadian, and U.S. faculty members on knowledge of NAFTA, overall assessment of NAFTA results so far, NAFTA as an important issue, teaching approaches because of NAFTA, and the degree to which business schools should change their curricula because of NAFTA. One area where there was not a significant difference was the degree to which participants felt

their opinion of NAFTA had changed since it was implemented. There were no significant differences within countries based on gender or teaching at a private vs. public institution.

There are both expected and unexpected results from the study. A detailed discussion of the analyzed data follows.

Change in personal opinion since NAFTA was implemented. Professors in all three countries indicated that their opinion of NAFTA had not changed since the trade agreement was implemented. The reason for these consistent responses is difficult to determine. One possible explanation, could be that both NAFTA advocates and oponents had substantial data to support their respective positions. Once an initial impression had been made, individuals may have had little incentive to change - especially as new data on both sides of the issue continue to flow. Many academic professionals had probably formed an opinion of NAFTA, after weighing its advantages/disadvantages - even before it was implemented. There is also the possibility that some participants may not have seen visible effects of NAFTA (or been exposed to them.).

Knowledge of NAFTA. Mexican and U.S. professors responded significantly different to the knowledge level of NAFTA they possessed. Mexican, Canadian and U.S. mean value responses were 4.1912, 3.2857, and 3.0588 respectively. A 3.0 response value represented a moderate knowledge level. Why do Mexican professors feel they are more knowledgeable about NAFTA? Of course, one possibility is that they are. There may also be a perceived definition discrepancy on what it means to be knowledgeable. It would be difficult to ask questions to test individual knowledge levels of NAFTA, because of the complexity and the relative importance of different aspects of the agreement. This is very difficult to explain, and yet another area where additional research would be helpful. It is interesting to note the relationship between Mexican professors feeling the most pessimistic about jobs, while also feeling very knowledgeable about NAFTA. Perhaps they have contemplated important aspects of the issue in more detail before coming to this conclusion. Still, the researchers are unable to provide a sound explanation for this as well.

Overall assessment of NAFTA so far. Canadian and U.S. participants responded very closely with respective mean scores of 3.5571 and 3.5882 indicating they were somewhat favorable about NAFTA results so far. Mexicans responded more neutrally with a mean value of 2.9265 (recall that a value of 3.0 indicated a neutral impact). Thus, the significant differences (per post-hoc tests) were between Mexican and Canadian respondents, and Mexican and U.S. respondents. The relative instability of the Mexican economy during the past six years (compared to Canada and the U.S.) could be one explanation. Never-the-less, it is still somewhat surprising, since most experts felt that Mexico had the most to gain from NAFTA. Perhaps there were significant benefits to Mexico, but initial expectations were too high. Or perhaps they have more work to do towards it. There could also be short-term / long-term perception differences about NAFTA results (especially given the volatility of the Mexican economy over the past several years). Opinions from all three countries may change as NAFTA policies "seep into the bedrock" and issues of concern are discussed more.

NAFTA as an important issue. There were significant differences in responses (per post-hoc tests) between the three groups. Mexicans, Canadians, and Americans had respective mean responses of 3.6176, 4.1324, and 4.0286. A 3.0 value represented moderate importance. Canadian and U.S. professors certainly felt that NAFTA was

quite important. But one has to wonder why Mexican professors have the lowest mean response to this question, while having the highest mean response for feeling knowledgeable about NAFTA? It would of course, be possible to be very knowledgeable about a topic while assigning it a relatively low importance level. Still, the researchers wonder if a possible contradiction exists.

Change in teaching. Mexican, Canadian, and U.S. respective mean responses were 3.0882, 2.9853, and 2.5143. Per post-hoc tests, the significant difference was between Mexican and U.S. professors. A 3.0 value on the questionnaire represented a moderate change. This question also provided unexpected and somewhat contradictory findings. Why did U.S. professors indicate that NAFTA was quite important, but at the same time, indicate they have adjusted their teaching approaches (because of NAFTA) the least? This contradiction may be partially reconciled if the relative power of the U.S. (compared to Canada and Mexico) is taken into consideration. Is it possible, that U.S. faculty members feel the U.S. is the dominate controller of NAFTA? If so, perhaps there is little incentive to adjust teaching methods (since we in the U.S. control the environment, why should we change?). Perhaps U.S. professors feel there is little need to change teaching approaches because of the popularity of business programs in the U.S. on a worldwide basis. U.S. professors may feel their business programs must be adequate since so many individuals come to the U.S. for their educations. Or it could be that business programs in the U.S. have already change substantially. This possible explanation is speculative at best however.

Change in business school curricula. Here too, the significant difference in responses (per post-hoc tests), was between the Mexican professors and the U.S. professors. Mexican, Canadian, and U.S. respective mean responses were 3.6429, 3.5571, and 3.0000. A 3.0 value on the questionnaire represented moderate change. Surprisingly, U.S. professors scored the lowest on this question as well. Again, it could be perceived that U.S. business curricula is already sufficient and are adequately addressing NAFTA issues. A recent article emphasizes this point: "The good news for budding internationalists is that a global perspective is being reflected in instruction outside the ivy-covered walls of grad school. State community college systems that used to concentrate on accounting curricula have been developing two-year degree programs, certificate programs, and concentrated seminars in international business....." (Zhan, 1998, p. 36). Mexican and Canadian professors had mean scores similar to each other for this question, indicating that significantly more (relative to U.S. participants) curricula changes are needed. Again, it seems ironic that U.S. professors provided the lowest mean scores for changing curricula, given their optimistic and strong responses to previous NAFTA questions. The results are also ironic given Mexicans had the highest response to this question, but the lowest on NAFTA as an important issue. Why do Mexicans feel NAFTA is less important (than Canadian or U.S. professors), but they feel the strongest about changing business school curricula to accommodate NAFTA? Here too, the researchers cannot provide a rationale explanation.

The last area where there were significant differences between age groups within countries was in the area of curricula changes in business schools. Mexican and U.S. professors provided more diverse mean responses than Canadians (which ranged from 3.25 to 3.8) across age groups. With the exception of the 65 or over category, Mexicans also had the highest mean scores in all age groups. Mexican's highest mean response age category was the 45-54 age group, and the lowest was the 65 or over group. U.S. participant's highest mean response age category was the 55-64 age group and the lowest was the 34 or less group. Here too, the researchers find it difficult to develop a logical explanation. Certainly, additional work in this area is needed as well.

Mexican professors provided the highest mean value on their knowledge of NAFTA issues. Mexican professors provided the lowest mean value for their overall assessment of NAFTA so far. At the same time however, Mexican professors thought that NAFTA was less important as an issue (compared to U.S. and Canadian professors). Canadian and U.S. professors in general, were more neutral.

Despite indicating that NAFTA was important as an issue, U.S. professors indicated they changed their teaching the least (because of NAFTA). U.S. professors also provided the lowest mean response for their desire that business schools change their curricula because of NAFTA.

There were no significant differences within countries based on gender or teaching at a private vs. public institution. There were significant differences between age groups within countries on two of the dependent variables: opinion change of NAFTA since it was implemented, and curricula changes in business programs to accommodate NAFTA.

New research on a more focused basis would be useful to better understand specific areas of concern. Thus, a project that exclusively emphasized curricula changes in business programs for example, could provide more detailed information. Furthermore, narrowing research even more by emphasizing specific demographic groups (ie: only marketing professors in the three countries) would provide additional refinement. The authors suggest that projects be considered that compare business faculty with university faculty in other academic areas (social sciences, the arts, etc.). Business/economics faculty also have a profound impact on society and individuals. Furthermore, comparisons between business faculty and individuals from the public and private sectors would probably yield valuable information. It would also be useful to develop an annual or biannual update to conduct time-series analyses. As NAFTA policies continue to unfold and become better established, perceptions will no doubt change. A systematic way of better understanding the perception of trends business faculty have on NAFTA issues would also be useful.

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TABLE 1

DEMOGRAPHIC CHARACTERISTICS			
	Mexicans	Canadians	Americans
(Discipline)			
Economics	19	4	14
Management	3	13	22
Finance	5	6	3
Accounting	5	5	8