LER590ERC
Labor and Employment Relations in China
Fall 2017
Tuesday 11:00-1:50
47 LER

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Office Hours: By appointments

COURSE DESCRIPTION

For the past 30 years, China has taken on new economic development strategy which resulted in dramatic economic development. There is no doubt that China has emerged as a major economic power. Many businesspeople who until now have had no particular interest in the country work in China because their companies are sourcing products, trying to sell, or setting up manufacture there. How to manage Chinese employees and resolve the increasing labor-management conflict are important questions that anyone who wants to have a global career in HR can’t afford to ignore.

The purpose of this course is to provide students with a firm understanding of China’s labor and employment relations and to enable them to manage Chinese employees and resolve labor conflicts effectively. It has several sections. First, there is a short section called “background.” In this section, we cover a bit of the historical, political, and social context in which Chinese labor and employment relations are embedded. Second, we study the diverse (converging) patterns of employment relations and HRM practices in the foreign invested firms, domestic private firms, and state-owned firms. Third, we look at the dynamics of work organizations in China with a focus on one child generation employees and the changing role of Chinese trade unions. We will also cover the latest developments in the Chinese labor law (i.e. the Labor Contract Law 2008) and the trends of labor conflicts to provide students with up-to-date knowledge on China’s rapidly changing labor and employment relations.

COURSE MATERIALS

- Class Pak (six cases). This is required and available in the book store. The cases are also available online with purchase at http://cb.hbsp.harvard.edu/cbmp/access/51077987
  You must have a copy of all the six cases for taking this course.
- Online: Required readings (except the cases) will be posted on COMPASS.
- There is no textbook for this class.
ASSIGNMENTS AND GRADING

- Class Participation 15%
- Individual Presentation 10%
- Pop-up Quiz 15%
- Midterm Exam 20%
- Employee Relations Interview Paper 20%
- Group Presentation 20%

**Class Participation.** This course requires active participation in classes. The class participation will include your attendance and contributions to the intellectual life of the classroom, demonstrated by your understanding of the assigned readings, active involvement in class activities, and the meaningful questions or comments you raise during lectures and discussions.

Each student is allowed to miss no more than **TWO** classes in the semester for any reason (sickness, interview, etc.). No excuse is needed but I appreciate an email notice. Quizzes will not be counted into the grades for these two classes. However, students who miss two classes will not be eligible to drop the two lowest quiz scores. Every additional absence leads to a **3** points cut in the final grade.

If a student has never missed a class (including the project day) throughout the semester they will be eligible to drop the two lowest quiz scores. If a student misses only one class (including the project day), s/he will be eligible to drop the lowest quiz score.

Students are expected to be punctual and to engage in respectful interactions with each other. Any behaviors that would distract others in the classroom such as talking on the phone, texting, surfing the internet, and emailing are prohibited.

**Individual Presentation.** Every week a student or a group of students will be assigned to make an individual presentation at the following week regarding (1) topics assigned by the instructor or (2) your own observations, experiences, and insights related to labor issues in China that you would like to share and discuss in class in relation to readings and topics assigned to this course or (3) “China in the Headlines” – a particular news story about China that you read and would like to summarize for the class along with questions that related this story to what we study in class.

The individual presentation should last at least 10 minutes and at most 15 minutes.

Students who are assigned to the individual presentation should email me their presentation slides **three** days before the class (Saturday) before 10:00 PM.

**Weekly Quiz.** Each quiz will deal with one or more of the articles and cases that I have assigned either for that class session, or with the previous lecture. I may administer a quiz at the beginning, middle, or the end of class.
Each quiz will consist of a handful questions about main points of the articles, cases and lectures. There are NO make-up quizzes.

**Midterm Exam.** It will cover readings, cases, and information contained in lectures prior to the exam. The test will be a take-home exam, and it is open book and open notes. You may not consult your colleagues for answers. The exam will include eight short-answer questions and a case analysis. Students are expected to adequately respond to these questions.

**Due Day: Tuesday, October 24 at 11 AM**

**Submission via Compass is required.** Students should submit their answers via Compass. If technical problems occur students should send their answers as an attachment in Word/or PDF format to my email listed at the beginning of the syllabus by the due date.

**Employee relations interview paper.** Each student is required to interview two people who work or have worked in China. They do not necessarily have to be Chinese. Expatriates are also suitable interviewees. You can pair up with another student to help take notes but you will still each perform two interviews, and must complete the paper independently.

The interview should include these elements.

- Basic demographic information which may include age/age range, sex, education, occupation, years of working, nationality etc.
- What is the relationship you have with your boss?
- What is the relationship you have with your company?
- Are you satisfied with your job, salary, co-workers, and work environments?
- Does your boss develop a similar relationship with each of his/her subordinate? In other words, is he/she closer to some members and more distant to others? How do you feel about it? How does the structure of the relationship quality within a group affect employees’ job attitudes and behavior?
- Have you even involved in a conflict with your boss/with your organization? If so, how were the issues resolved?
- What mechanisms do you have to communicate with the organization?
- What changes would you like to have happen at work?
- What factors make you want to stay/leave the organization?
- What changes would you like to have happen at work?

For expatriates, in addition to the questions above, also ask the following:

- How were you selected to work in China? How long did you work there?
- What problems did you face while working in China, if any?
- What lessons did you learn from your experiences?
- What advice would you give to other expatriates who may work in China?
The paper should review the relevant literature, conduct in-depth analyses, report findings and recommendations. Six or more pages, double spaced, in Times New Roman 12-point font, with margins of 1 inch. This paper must include an appendix with transcribed interview notes.

**Paper Due date: Tuesday, November 28 at 11 AM**

**Submission via Compass is required.** Students should submit their answers via Compass. If technical problems occur, students should send their answers as an attachment in Word/or PDF format to my email listed at the beginning of the syllabus by the due date. **Not submitting your paper on time will result in a 20% deduction from the paper grade for each day late.**

**Group Project and Presentation.** Group project is research oriented. Each student will participate in a group analysis of a particular topic. Students should not repeat solely what they have already learned in class. Instead, students are expected to conduct research, read relevant research literature and present with new and fresh information. It is acceptable to integrate materials from the interview paper into the group presentation.

Each student will participate in a group analysis of a particular topic, and make a 20-25 minutes presentation to the class about that topic at the end of the semester. When presenting, it is recommended that each of the group members present some parts of the work. Topics of the group presentation are listed at the end of this syllabus. Make sure to properly reference all materials used to construct your points. Within groups, peers will evaluate group-member contributions.

Team members should ensure that they all contribute to the project. If a group member receives marks of “marginal” or “check out” from all or the majority of the group members he/she may receive a significant deduction of points of the group presentation grade.

Within the class, those listening to presentations (meaning the instructor and all of the students) will evaluate the quality of the presentation. Feedback will be provided to each group. It is presentation only; no written paper is required for group presentation.

**Preliminary outline of the group project is due on Oct. 31 at 11:00 AM**

**Notes on How to Best Use Your Time.** Most of assigned readings (except the cases) are academic journal articles. You do NOT need to read anything method/statistical related sections in these articles. Rather, focus on main arguments and conclusion the authors made. All required readings are marked with *, including all the cases.

**HONOR CODE**

The **midterm exam** is an individual assignment. It will be open book, so you may use any written material from class, PowerPoint slides, and notes, however, you may not
consult your colleagues. When writing the exam, you can quote from written materials, but if you do so, indicate that you are quoting. Also, in answering questions, I would like to know that you know the answer. So, quoting a phrase or sentence is acceptable, but beyond that make sure the answer is in your own words. For the interview paper, you can pair up with other students to conduct interviews but the paper has to be written independently. For group assignments, it is expected that all members of a group contribute roughly equally to the assignment.

All members of this class should abide by the University's standards for academic integrity. Violations of the honor code, in the form of plagiarism, cheating on exams/quizzes, and the like, will be penalized according to the steps outlined in the UIUC Code of Policies and Regulations.

**Course Outline**
(Tentative/Subject to Change)

**Section I: The Background of Labor and Employment Relations in China**

**Aug. 29 Week 1**

**Historical Context of Chinese Labor and Employment Relations**

* Video Case  The Tank Man [Available in PBS video]

Written and directed by Antony Thomas.

This video (documentary, 90 minutes) spends about half the time on the Tiananmen Square conflict of 1989. The second half talks about the implications of this incident for the Chinese economy and political freedom in China.


Advanced Readings:


**Sep. 5  Week 2**

**Cultural Context of Chinese Employment Relations: Guanxi in Chinese Organizations**

* Case  CDG: Managing in China’s Economic Transformation [in the class pak]

Advanced Readings:


**Sep. 12 Week 3**  
The Role of the Government

*Case* Google in China [in the class pak]


Advanced Readings:


**Sep. 19 Week 4**  
Chinese Labor Law

*Case: China’s Evolving Labor Laws (B) [in the class pak]*


* Labor contract law of the People’s Republic of China

Advanced Readings:


Section II Diverse (Converging) Patterns of Labor and Employment relations in China

**Sep. 26 Week 5**

**Employment Relations in State-owned Firms**

*Case: CNOOC: Building a World-Class Energy Company [in the class pak]*


Advanced Readings:


**Oct. 3 Week 6**

**Employment Relations in Foreign Invested Firms**

*Case: Cisco Switches in China: The Year of the Manager [in the class pak]*


Advanced Readings:


**Oct. 10 Week 7**

**Employment Relations in Domestic Private Firms**

* Case : Foxconn Technology Group (A) [in the class pak]


Advanced Readings:


**Oct. 17 Week 8**

**Midterm Exam (take home exam)—NO CLASS**

**Section III  The Dynamics of Work Organizations in China**

**Oct. 24 Week 9**

**China’s Young Generation and Beyond**

**Midterm is due**

* Movie Case: Last Train Home


Advanced Readings:


Oct. 31 Week 10
The Changing Chinese Trade Unions

Preliminary outline of the group project is due


Advanced Readings:


Each group should schedule a meeting time for the Project Day (Nov.1st)

Nov. 7 Week 11
Project Day
Each group will meet with the instructor to discuss the topic of their projects

Nov. 14 Week 12
Labor Conflict and Settlement


* Law of the People’s Republic of China on Labor Dispute Mediation and Arbitration

Advanced Readings:


**Nov. 21. Week 14**
Thanksgiving Holiday. No Class

**Nov. 28** Week 13 Participation and Collective Bargaining

**Interview paper due**


Advanced Readings:


**Dec. 5** Week 15 Interview Paper Presentation
Each student will present his/her paper in a research conference (paper session) format.

**Dec. 6** Week 16
Group Presentation
Group Presentation Topics

1. Group Presentation Topic #1. Who to Hire? Expats vs. Locals. As the presence of Western companies grows in China, one of the key problems is how to staff managerial positions. The basic choice is between bringing in expats who know the company culture and can communicate easily with the main office, and hiring locals. How should MNCs staff operate in China?

   What are the costs of hiring locals versus expats?
   What is the supply of managerial talent like in China now?
   What kinds of systems are needed to support expats?
   If companies do hire expats, what skills do they need?
   What are the main challenges of hiring locals?

Group Presentation Topic #2. Talent management in MNCs-based in China. Some MNCs are major targets for headhunters. Many Chinese companies now enjoy some significant advantages over MNCs in recruitment and retention. For example, some state-owned and private-firms can provide housing and very competitive compensation packages to key personnel.

   Compared to Chinese companies, do MNCs still have competitive advantages in attracting Chinese white-collar professionals?
   What are major talent recruitment strategies and channels adopted by MNCs?
   How do MNCs retain top-grade white-collar professional personnel in China’s highly competitive talent market?

Group Presentation Topic #3. HR Jobs in MNCs-based in China. More and more MNCs are recruiting HR managers or specialist to work in China.

   Examine at least 30 ads from monsters, career builders, MNCs’ own websites or Chinese websites such as http://job.fesco.com.cn to identify and explore the following:
   Different types of HR positions (i.e. staffing, talent management, compensation etc)
   Skill requirements, degree and experience requirement
   Interview questions and compensation packages for these positions
   Provide suggestions to peers on what they should focus on during their studies at LER if they would like to pursue a HR career in MNCs-based in China.

Group Presentation Topic #4. Employer-employee guanxi. It is commonly recognized that China is a relationship-oriented society. In general, Chinese employees tend to form a much closer relationship to their supervisors than Westerners do. When engaging in close guanxi and guanxi practices, both parties tend to blur professional and personal lines, seeking a level of dedication that extends beyond the Western standards.

   Is it good or bad to develop supervisor-subordinate guanxi in MNCs?
What are the positive effects of such close relationship? What are the negative effects of such close relationship?

What are major ways of building, remain, and repair guanxi

Provides constructive advice and suggestions to expatriates on what they should do in dealing with guanxi and guanxi practices.

**Group Presentation Topic # 5. Managing Only-Child Employees.** The only child (those who were born after 1980s) generation began to enter the China’s workforce. The differences in culture between the only child generation and Cultural Revolution generations or other age groups can at times create clashes in culture and expectations.

What differences are there between generations?
What challenges does this present to companies as more only child employees enter the workforce?
How should companies adapt (if at all) to the needs and expectations of the only child employees?

**Group Presentation Topic # 6. Managing Chinese Employees’ High Career Expectations.**

Many MNCs in China have a reputation for promoting personnel faster than Chinese firms do. Local employees join foreign companies with quite different career expectations from what they anticipate at Chinese companies. They expect to be trained, well-paid, and well-developed.

What strategies should MNCs adopt to meet Chinese employees’ high career expectations?
Is there a glass-ceiling for local Chinese employees working for MNCs?
Visit websites of several MNCs such as GE China, GM China, and Du Point China or interview employees who worked or have worked for MNCs to explore whether these companies have career development plans for their employees and evaluate whether these plans are effective.

**Group Presentation Topic # 7. Union Organizing in MNCs based in China.**

What is the situation of union organizing in MNCs?
How should MNCs respond to ACFTU’s efforts to try to form official union chapters in MNCs?
What types of MNCs are more likely to comply to have an official union in their organizations?
Who holds the position of the union official in MNCs
What functions do unions have in MNCs, if any?
Do HRM practices or human rights representatives from home countries have equal or similar function as what unions would have for employees?

**Group Presentation Topic # 8 The Consequences of China's New Labor Law.** China’s new labor law empowers many workers, who are now more aware of their labor rights. Firms in China face more and more labor disputes.
Does the new labor law offer workers greater employment security and income protections? Or workers are protected on paper not on jobs? How did employers respond to China’s new labor law? What are strategies firms adopted to respond to the increasing labor disputes and claims?

**Group Presentation Topic # 9 Promoting Problems.** Face is important for Chinese employees. Promoting one person in an organization can cause those who are not promoted to “lose face”. While employees in the West may also react with resentment when overlooked for a promotion, such resentment often runs deeper in China, even leading to the resignation of key personnel (is it true?).

What does face mean in Chinese culture? How can people gain or lose face? What are the bases for promotion in Chinese organizations or MNCs? How to measure performance in Chinese organizations? How can an organization avoid unwanted resignation after a promotion?

**Group Presentation Topic # 10: Localization of Senior Managers**

- Great shortage of senior managers in China
- Localization of senior managers
- How to maintain and sustain MNCs cultural values and ethical standards during the process of localization?

**Group Presentation Topic # 11 Mass-layoff at MNCs based in China**

- Collect recent incidents of labor protests caused by mass-layoff at MNCs
- For example, Reuters reported that “hundreds” of Chinese employees at Microsoft Corp’s Nokia phone business protested on Aug. 1, 2014 against mass layoffs that the U.S. tech company announced last month, according to an employee present and pictures posted on social media networks. Protesters held banners and shouted slogans against "Microsoft’s hostile takeover and violent layoffs" for five hours until "they had sore throats."

Procedures of mass-layoff practices: formal procedures and employees’ expectations
Is it reasonable for local employees to compare their layoff packages with that of employees in their home country?
How to avoid labor protest in mass-layoff processes?

**Group Presentation Topic # 12 Glass ceilings at MNCs in China**

- Glass ceilings phenomena at MNCs
- Career at MNCs after age of 40
How should MNCs respond to the class ceiling phenomena perceived by the local employees?
Appendix

Grading Scheme

1. Calculation of Course Grades

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>96-100%</td>
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<tr>
<td>A-</td>
<td>92-95.99%</td>
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<tr>
<td>B+</td>
<td>88-91.99%</td>
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<tr>
<td>B</td>
<td>84-87.99%</td>
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<tr>
<td>B-</td>
<td>80-83.99%</td>
</tr>
<tr>
<td>C+</td>
<td>77-79.99%</td>
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<tr>
<td>C</td>
<td>73-76.99%</td>
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<tr>
<td>C-</td>
<td>70-72.99%</td>
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<tr>
<td>D+</td>
<td>67-69.99%</td>
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<tr>
<td>D</td>
<td>63-66.99%</td>
</tr>
<tr>
<td>D-</td>
<td>60-62.99%</td>
</tr>
<tr>
<td>F</td>
<td>Below 60%</td>
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</tbody>
</table>

Class participation:

0: absence
5: Presence, but no or irrelevant comments/questions; passive spectators.
8: Participate in group discussion
10: In addition to group discussion participation, a student has individual comments/questions that enhance the learning of fellow students by integrating conceptual frameworks, assigned readings, or personal experiences.

An example of irrelevant comments: I bought a pair of Nike shoes last week and they are quite comfortable.
An example of relevant comments/question: I bought a pair of Nike shoes last week and they were made in China. I am wondering how the workers get paid and what their working conditions are.

Interview Paper:

<table>
<thead>
<tr>
<th>The quality of two interviews (40%)</th>
<th>Detailed, original interview notes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content of the paper (40%)</td>
<td>Literature review (10%)</td>
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<td></td>
<td>Method (5%)</td>
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<td></td>
<td>In-depth analyses (15%)</td>
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<tr>
<td>Structure of the paper (10%)</td>
<td>The quality of the recommendations (10%)</td>
</tr>
<tr>
<td>Writing (10%)</td>
<td>A clear, logical organization with well-developed major points</td>
</tr>
<tr>
<td></td>
<td>Well written, free of grammatical and spelling errors.</td>
</tr>
</tbody>
</table>
A bad example of a transcribed interview note for one of the required questions

What is the relationship you have with your boss?
   Employee and Employer

An adequate example of a transcribed interview note for one of the required questions
What is the relationship you have with your boss?
   It is neither close nor distant. My boss oversees the whole company and is very busy. There are significant power distances though we often have business dinners together. Drinking is part of our culture and we build relationships through these get-togethers.

Comments: more details would have made it even better. For example: do they know each other’s family members? Do they visit each other during holidays?

An excellent example of a transcribed interview note for one of the required questions for expatriates who have worked in China:
What problems did you face while working in China, if any? (specific culture difficulties)
   Language was obviously the most immediate challenge. When I joined, I spoke decent intermediate level Chinese, but had a lot of trouble handling myself in a work environment. I’ve worked hard over the past 15 months, and now have a good grasp on Chinese business and can conduct myself competently. I still have trouble with, and don’t particularly thrive, in formal Chinese business situations. I have a hard time making small talk about anything besides the tired “young American in China” storyline. It’s still hard to participate in the chitty chatty small jokes which go around the office during the day. I can’t handle the constant barrage of big meals with colleagues and business partners every day at lunch and often at dinner time which is standard in Chinese business culture (sometimes you just need a quiet lunch to yourself). I’ve also found there is less cross-departmental communication then I would expect in an American company. Seems the marketing people, engineers, customer service, finance, operations, etc. all pretty much stick within themselves, and there can definitely be major disconnects in the cultures between them. Thus, I feel like I’m not learning as much about areas of the company I’m not directly related with than I might in a US firm. And as the only foreigner in the company, there is no one to “vent” to when frustrations with daily life in China come up (I know you know what I’m talking about.)
A Template for the Interview Paper

I. Introduction
   Why it is important to study the topic of your choice
   The purpose of the paper…
   The structure of the paper (optional)

II. Literature Review

III. Analysis and Findings
   a. Background information/methods
      The interviewees’ basic information
      How did you know the interviewees?
      How the interview was conducted?

   b. Findings

IV. Recommendations
   a. To the interviewees
   b. To the organizations

V. Conclusion
Individual Presentation
Feedback

<table>
<thead>
<tr>
<th></th>
<th>Poor Quality</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Excellent</th>
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<tbody>
<tr>
<td>Content</td>
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<tr>
<td>Delivery</td>
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<td>Speech Body</td>
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<tr>
<td>Visual/Board</td>
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<td>Panel questions</td>
<td>1</td>
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<td>3</td>
<td>4</td>
<td>5</td>
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</table>

Content (40%): whether the presenter demonstrates an in-depth knowledge of the topic/assigned articles
Delivery (20%): confidence, body language, eye contact, voice quality etc.
Speech body (20%): whether it is organized, and engaging
Visual (10%): whether it is effective; easy to see, no errors, adds meaning to the presentation.
Panel question (10%) whether show clear understanding of the questions and answer them with ease and expertise.
Group Presentation

<table>
<thead>
<tr>
<th>Poor Quality</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Content</strong></td>
<td>1  2  3  4  5</td>
</tr>
<tr>
<td><strong>Delivery</strong></td>
<td>1  2  3  4  5</td>
</tr>
<tr>
<td><strong>Speech Body</strong></td>
<td>1  2  3  4  5</td>
</tr>
<tr>
<td><strong>Visual</strong></td>
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</tr>
<tr>
<td><strong>Panel questions</strong></td>
<td>1  2  3  4  5</td>
</tr>
</tbody>
</table>

Content (70%): whether demonstrate an in-depth knowledge of the topic
Delivery (10%): confidence, body language, eye contact, voice quality etc.
Speech body (10%): whether it is organized, and engaging
Visual (5%): whether it is effective; easy to see, no errors, adds meaning to the presentation.
Panel question (5%) whether show clear understanding of the questions and answer them with ease and expertise.
Peer Evaluation for Group Project

Please evaluate the contributions of all members of your team, including yourself. For each person, check one of the five options. This information is confidential. Return to the sheet to me after the group presentation on Dec. 12, 2017.

Team member #1 (SELF) ____________________________________________
□ A major force; beyond what is expected
□ Normal, solid contributor; did a major part of project; contributions were of high quality
□ O.K., but slightly below expectations; did what was asked; contributions were acceptable
□ Marginal. Did some work, but could not depend on this person.
□ Checked out; was a team member in name only

Team member #2 ____________________________________________________
□ A major force; beyond what is expected
□ Normal, solid contributor; did a major part of project; contributions were of high quality
□ O.K., but slightly below expectations; did what was asked; contributions were acceptable
□ Marginal. Did some work, but could not depend on this person.
□ Checked out; was a team member in name only

Team member #3 ____________________________________________________
□ A major force; beyond what is expected
□ Normal, solid contributor; did a major part of project; contributions were of high quality
□ O.K., but slightly below expectations; did what was asked; contributions were acceptable
□ Marginal. Did some work, but could not depend on this person.
□ Checked out; was a team member in name only

Team member #4 ____________________________________________________
□ A major force; beyond what is expected
□ Normal, solid contributor; did a major part of project; contributions were of high quality
□ O.K., but slightly below expectations; did what was asked; contributions were acceptable
□ Marginal. Did some work, but could not depend on this person.
□ Checked out; was a team member in name only