

**INTERVIEW
WITH
PAUL OSTERMAN
April 9, 2014
Sloan Oral History Interview**

P: Paul Osterman

B: Bob McKersie

G: George Roth

B: This is a project that we've been doing for a couple of years. Alan White and I started it when we would have lunch from time to time with Eli Shapiro. He would hold court over in a corner table of the Harvard Club on Commonwealth. We'd pick him up at his apartment on Beacon, and go over to the Harvard Club. On one occasion Bill Pounds was also with us, and I took along a tape recorder. We got talking about the early days of the School, and he was the first associate dean. We said, "Hey, this is good stuff, and we ought to be interviewing some other people about the early days of the Sloan School." So Alan and I proceeded to interview Bill Pounds a couple times and then we started to work our way through others; Jay Forrester, John Little, Ed Schein before he left.

G: Yeah, we must have done about 9 interviews.

B: Ed Roberts, and Stew Meyers. And then George became available....

G: I heard about it and offered to help.

B: We've done about two a month, so we're up to almost 50 now. Some of what we did plugged into the 100th anniversary volume. I was a little concerned – speaking of your interest, and the interest of others in IWER that there wasn't enough there on what I could call a tradition of good, solid labor market research that's been with us even before the Sloan School. It goes back to the 1930s and the Industrial Relations section.

Int. w/P. Osterman
4/9/14

2

Anyway, we have had inputs into the 100th anniversary volume. I'm not sure all of them have been fleshed out, and what will someday be a volume that we will have physically in our hands.

P: I think I helped with that. I think that some writer made contact with me....?

B: Yes, I wanted to make sure that writer got in touch with you. That's it.

G: Bob and I have had a chance to help with that. We interviewed Nitin Nohria because they wanted some quotes from Nitin in the volume. He would have just been leaving when you came here as a Ph.D. student. I overlapped with him just a year before he left, and he's obviously made quite some contributions over at Harvard, and we wanted him to say "Everything I learned and do at Harvard, I learned at MIT."

P: Did he say that? (laughing)

G: We couldn't quite get him to say that. But he had some really great comments about that.

Our intention here is to have an archive that will be in the MIT Library, which will be transcripts from the interviews that we have done. What will happen here is we will have this tape transcribed, I will clean up the transcript, highlight where you have used names and I'm not sure how they are spelled. I will ask that you review that and make any other changes you'd like to make, you are welcome, but there's no obligation to edit materials.

P: But it's true that any changes I want to make, I can make?

G: Absolutely. And then we will ask you to gift it to MIT. We will sign a gift agreement too. That's so the libraries will have the authority to hold it. That's the standard way things get done.

Int. w/P. Osterman
4/9/14

3

B: OK. So we start at the beginning. Sometimes we go back even before MIT. You came to MIT to get your Ph.D. in Urban Studies, as I remember?

P: I think I started off in 1972 in the Urban Studies Department. I did two years in Urban Studies and then I moved over to the Economics Department. I ended up with a joint degree. My committee was Mike Piore, Lester Thurow, and Ben Harrison.

I really had nothing much to do with the Sloan School. But somehow, at some point, maybe when I was an undergraduate, I did connect with Phyllis Wallace. She always seemed to like me! I may have connected with her when I was a graduate student, I'm really not sure about that.

B: OK, as a graduate student. As you were deciding where to do your graduate work, what attracted you to MIT in terms of what might have been the alternatives for graduate study?

P: Actually, I did a year of graduate school at Columbia, in American History. I had a Woodrow Wilson Fellowship, so I thought I was going to be an American historian. I didn't like it enough to do that. Undergraduate I went to Oberlin. When it became time for me to go to graduate school, I wanted to do something that was policy-ish, had something to do with reality and policy. At that time, the Urban Studies Department had a pretty strong social policy component to it. It doesn't quite have that as much any more, but they had a pretty substantial one. And it just seemed like a policy-oriented thing to do. I didn't really know much about it, but it did.

I don't even remember if I applied anywhere else. This is ancient history. I ended up in Urban Studies, did that for a couple years, and decided I wanted more intellectual structure, so Economics.

B: What was the focus of your dissertation?

P: It was on the youth labor market. Youth unemployment. Which became my first book. MIT Press published it. Then from there, as you know, I went to BU and spent 7-8 years at BU before coming here.

Int. w/P. Osterman
4/9/14

4

G: Did you want to stay in the Boston area? What attracted you there?

P: You know, I was completely unfocused in the sense that I didn't have a plan. I never went on the market. Peter Doeringer was at BU, and Peter at that time was a big deal in the BU Economics Department, he was friends with Mike Piore.

B: They did a major book together.

P: Right, *Material Labor Markets*. I did the same style of work as Mike and Peter. There were very few people coming out of economics departments that do that style of work. I don't know, Mike must have called Peter and said, "Make him an offer," and Peter made me an offer. I never went on the market.

G: That's the way things work.

P: It doesn't work that way any more, quite as much.

B: What year did you return to MIT?

P: You are going to remember this better than me, Bob. I came here as a visitor, maybe in 1985? 1986? Then over the course of that year, got a job offer and started probably July 1, 1986, would be my guess.

B: A question we always like to ask is: earlier you were not in the Sloan School, you were in Urban Studies, and more time in Economics. How did you view coming to the Sloan School in terms of the alternatives at MIT?

P: Well, Economics was obviously not an alternative for me. I am not an economist as they think of themselves. I don't do math theory. There would be no chance, and I would not

Int. w/P. Osterman
4/9/14

5

have been interested. And even less than me not being interested, they would have been really not interested. It wasn't an issue.

B: And they weren't looking for a successor to Mike Piore?

P: They were not looking for a successor to Mike Piore. They will never hire someone like him again. And Mike, as you know, moved to the Political Science Department before he retired. That tells you something, right?

G: Was Mike in the Sloan School then?

B: He was, briefly. He shared his joint appointment briefly with Sloan, and then he shifted to Political Science.

P: By the time I came over here, it was you, and Tom, and Phyllis. And Harry Katz.

B: Harry was still here, wasn't he?

P: No. In some sense, I took Harry's slot. But I knew Harry, we were friends. Sloan obviously had an industrial relations section. People like me. This was the natural place to go. I could have thought about going to Urban Studies, but I actually didn't have a lot of personal connections there. This was the obvious place.

B: We start to ask if you could map out your teaching and research. There's a lot to be said, because you've been here a good chunk of time, and your research has moved into some very important topics.

P: My research, the way I think about it, it divided into two, maybe three streams.
One stream is careers. Largely careers in the internal labor market framework. I did a book on managers. I did actually edit a book on internal labor markets, which has the clever

Int. w/P. Osterman
4/9/14

6

title *Internal Labor Markets*. No, it has a better title – *Broken Ladders*. I wrote my book on middle managers as an internal markets book.

One stream of my work is on careers. And over time, it became careers and restructuring, how careers are changing. Another stream of my work has been on employment training policy; job training policies of various kinds.

The third stream of my work has been community organizing.

I should also say – I guess this is before I came here – when I was at BU I spent two years working in state government.

B: I remember that. You asked me to come in and help with one project.

P: That's right. That's the structure of my work. And it still is. Now I'm doing stuff on changing legal careers, young lawyers. I'm doing something on the careers and internal labor markets thing. I've got a project going with the Aspen Institute on job training policy for low-wage labor markets. And I keep doing this work with the Industrial Areas Foundation, the Alinsky groups, and also some local unions here.

B: Yes, the IAF is interesting. Can you say a little bit about how you got connected to the IAF, how that started for you?

P: The IAF is a name that bears no relationship to what it is. None of those words make any sense. It is a network of community organizations that are organized along Alinsky lines. By that, I mean they have a particular model of how you do community organizing, largely through churches. There's a fairly well-known guy named Barack Obama, who was trained, and he was an IAF organizer for a while.

G: You did your community work through the Universalist Church in Chicago.

Int. w/P. Osterman
4/9/14

7

B: I ran up against IAF people because, as Paul knows, they had a major project in Woodlawn on the south side of Chicago, and Alinsky had been in there and set up the The Woodlawn Organization (TWO). But they've got major projects. And Paul can say more about it because they had a major project, maybe it's still underway here in Boston? An interfaith group....

P: Yes, Greater Boston Interfaith, but it's not very successful.

I got connected in the southwest. IAF is divided into these regional baronies. It's a national organization, they are all over the country. But there are these regional baronies. Ernie Cortez is this guy who runs the regional barony in the Southwest. Southwest is defined somewhat unusually as running from Louisiana, Texas, Arizona, California, Nebraska – it's an odd definition.

So Ernie called me, I don't know how many years ago, maybe 15 years ago? And he asked me to do seminars. They had people come down and do seminars for their organization. I went down to do a seminar on my work, and I just stayed and got involved. Then I did an evaluation of some of their job training programs. I just stayed involved. I've been going down there a lot. I wrote a book about them. I was down there about 6 weeks. I'm on sabbatical next year, so I may go down a lot more.

B: Since you mentioned that, it's Russell Sage, so why don't you put on the record what you're going to be doing.

P: The Russell Sage Foundation has this gig where you agree to write a book on something, and they pay half your salary. I'm on sabbatical and MIT pays the other half. They give you an apartment in New York. Sounds like a good deal.

I said I would write a book on how frontline healthcare workers, how the quality of their jobs are changing, and how they are going to be affected by the Affordable Care Act. Healthcare is something I've never done before. I'm having to learn about healthcare.

Int. w/P. Osterman
4/9/14

8

B: Do you want to say a little bit about how you go about doing your research? There's a kind of methodology that you follow. Take this topic here. How do you go about getting the data that leads you to conclusions?

P: Is "half-assed" a technical term??? [laughter] What am I doing? I'm schlepping around, talking to people. At some point, I'll try to get a little bit more formal, but I don't know if I will.

Tomorrow I'm going to do an interview with somebody who runs a community health center. I'm trying to find a hospital system that will let me in to talk to their people. About a month ago, I was in New York and spent a day at something called Cooperative Home Healthcare, which is a workers co-op for healthcare workers. I'm basically kind of schlepping around talking to people. Then I've collected a huge amount of stuff to read on this topic because there are a million reports, so I'm reading those reports.

The challenge for me in this particular project is how I write something which is not just another blah-blah report. There are a million reports on these frontline workers in healthcare and why their jobs are terrible and why they should be better. The question is: what can I do that is more compelling and more interesting? I don't know what the answer to that is. But I'm schlepping around talking to people. Between now and when I go to New York, I'm just going to do a schlumping around. When I'm in New York, I hopefully will have an idea for doing something a little more systematic. I think it's a good topic; people are interested in healthcare.

G: There's no doubt that it's a good topic, and one that invites need for insight and organization. Will you have any challenges with access?

P: That's the big question. Sure. I'd like to find a large healthcare system, network – hospital, nursing home, community healthcare, neighborhood healthcare center network, that will let me into them so I can understand how these decisions about who to hire and how to train them and what those jobs should look like, should look like. I don't want it to be a flagship thing. I don't want it to be partners. I want it to be normal.

Int. w/P. Osterman
4/9/14

9

G: Someone who has you document how great they are.....

P: I would not do that. [chuckling] But I do want someone who lets me in.

G: I meant that my experience in studying organizations often has been someone invites me in because they've had great success and they're looking for someone to write it. And you don't always find that when you look in the corners. But sometimes that's the reason they invite you in.

P: That's right. I think that's a fair point. I'm starting to ask people: Does anyone know anybody who could get me in to some....?

G: You're not thinking of going in on a gurney...

P: I might wear a tie. But I'd rather not get in that way.

B: We've all been line of connections and a conversation we could have another time with the Cambridge Health Alliance, which is right over here. They've got 6 or 7 clinics around. They've also got a hospital up in Everett. And you know we had this big health conference here a couple months ago. Janet Wilkinson, do you know that crowd? And Anjali Sastry who runs a course on health. It's primarily been international, but she's going to have a version of getting students out to the U.S. health facilities. I had the CEO of Cambridge Health Alliance talked to Janet and Anjali, as well as to our colleague who does a lot of observation of surgical rooms, Kate Kellogg? So, anyway, this is a separate conversation we could have about Cambridge Health Alliance.

P: OK, that would be great.

G: The other person we've recently talked to was Ernie, who has been doing a lot of economics research. And I'm guessing you use both sets of data in your work.

Int. w/P. Osterman
4/9/14

10

P: What I know about Ernie's work, which is not that much, is that he's looked much more at cost benefits of pharmaceutical adoption kinds of issues, which is not what I would do. To my knowledge, Ernie hasn't worked on workforce issues, employment issues. But I could be wrong.

B: In terms of style of research, I know that you had Ph.D. students on some of your earlier projects who work alone.

P: Yes, the only thing about my work is that I've also done surveys. We have this thing that just came out on manufacturing. Did you see the Paul Krugman side of it, to attack...?

B...without mentioning your name.

P: Right. Typical Paul Krugman. If you'd clicked on the link on the online version, you got it. But that was a survey.

And I did this earlier survey of high-performance work systems. Sometimes I do surveys. I don't do high-tech econometrics with the surveys, but they are surveys.

B: It's a style of research. I'm just trying to understand how Ph.D. students get plugged in. You don't set up a center. Some people get funds, set up a center, and then you have to manage an empire.

P: I haven't done that at all. Ph.D. students get plugged in sometimes because they want to do the kind of work that I do, and I help them with it. An example of that might be Rose. I never actually did anything with Rose jointly, but her work on call centers and those sets of issues was very similar to what I was doing on these high-performance work systems and teams. Rose got into the program because she had taken my course on public policy. She, like me, had started off in the Urban Studies department.

B: This is Rose Batt.

Int. w/P. Osterman
4/9/14

11

P: Yes. She came into the department through me that way. That's one example. Then other times, I've actually worked with the students. Currently, like with Andrew Weaver, we've co-authored all this manufacturing stuff. There has been some variation with that. But yes, there are people who are much more bureaucratically oriented in terms of setting up a center, raising a lot of money. I've never been interested in doing that.

B: Another marker for a career is sabbaticals. Where are you with those? You have one coming up next year. What are the earlier sabbaticals?

P: I think my first sabbatical I spent at the Harvard School of Education. They gave me an office about the size of this table and no windows. But they did give me a parking space in Harvard Square! That was pretty good. I don't remember what project I was working on. I didn't spend a lot of time there. But I never went anywhere. This New York thing is going to be the first time I've gone somewhere.

Actually, that's not true. After I was dean, I had a sabbatical, and I did go to Spain for two months. But other than that, I've hung around here for these sabbaticals. This is the first. My wife and I will be gone to New York for nine months. We'll come back.

B: I think the record should show how effectively you've worked on acquiring Spanish as a second language.

P: Yes, I worked hard at that. If you want to, we could continue the rest of this interview in Spanish...? You could just have it translated.... But yes, I've worked very hard at my Spanish.

G: Does that have to do with other labor markets or just with the time in Spain?

P: I became obsessed with Spanish. But I've used it in work. I used it in Texas. And for the last decade or so, I've gone to Spain every year and done some teaching in Spain. It would be hard to say it was central to my work, but I've used it. Actually, my book about the

Int. w/P. Osterman
4/9/14

12

IAF, I did a lot of interviews in Spanish. I've used it. I'm kind of self-taught, but I've worked hard on it.

B: Before we get to extracurricular activities, maybe we should talk about some of the courses you've taught over the years.

P: I want you to picture the following thing. You know what MBA teaching is like, right? I come to the Sloan School having taught in the Economics Department over at BU. I think at BU I taught urban economics, and some version of labor economics. I come here and I'm told to teach a course on human resource management to the MBAs. I can't even remember how I did it, but it was awful. I was terrible. I had no idea how to do MBA teaching, I had no idea what case teaching was like, and I didn't have a clue. That first class I taught, the only thing interesting – besides how awful I was, and I had no support, no one helped me – was Weezy Waldstein was in the class, remember Weezy. She was an MBA who became a union organizer.

B: Yes, and still is.

P: Yes, still is. But outside of that, it's all a blur. And from that, I did teach 15.660, the HR class, MBA class. For a while, it was a required class in the core. I got better than that first year, but I've never been a really case MBA teacher. I'm not a disaster. Since I was in charge of the teaching program for a while, I can tell you who is a disaster, and I wasn't a disaster. But I was never great. I taught 15.660 for a long time.

Then I taught an undergraduate class. It was an Economics number, but it was a SASH class, you know that? You had 25 limit? It was basically on work in America? I forget what the name of it was.

B: Mike Piore has taught it, Tom has taught it.

P: Yes. It's called Labor in Industrial Society. I taught that for a long time, 5-6 years. That was fun, that was great.

Int. w/P. Osterman
4/9/14

13

Now I teach another undergraduate class which is called Managerial Psychology Lab, but I completely ignore that. I teach it as Work in America.

I teach a Sloan Fellows class. I've had up and down relationships with the Sloan Fellows. Again, I figure the honest answer is, I have been OK but not.... Some years they like me, they're mildly on the positive side, and some years they are mildly on the negative side. I can't figure out what the difference is.

The course I'm really most committed to, I teach it every other year, the Ph.D. course that's required for our students but it's jointly listed with the Urban Studies department, and it's basically labor employment policy. It's not the course Tom teaches, Industrial Relations Theory class, which this year I'm teaching it.

G: What's the class that you teach for the Sloan Fellows?

P: The Sloan Fellows class is called Managing People in Organizations. It teaches a kind of semi-leadership class.

The policy class I teach is called Urban Labor Markets, but it's really labor market policy. That gets a lot of students because it gets students from all over the Institute. That's been a huge – that has been a very successful class. It's recruited people like Rose into our program, and Ishkandar, Natasha, came in through it too. But also, it's just been a very successful class.

I'm giving up the Sloan Fellows. This is the last time I'm going to teach it. When I come back from sabbatical, I'm going to teach a Power and Influence class to MBAs. We'll see how that goes.

B: Who has taught that before to the MBAs?

P: The only person who has taught that class before is when Rakesh was here. It's going to be somewhere between leadership and negotiations.

B: An elective course, obviously. Great title.

Int. w/P. Osterman
4/9/14

14

P: Yes. They will like that, those MBAs.

B: Before we shift to extracurricular, do you have any questions, George, about the academic side of Paul's time here.

G: I have a couple. Are we going to step back before we go? You said when you went from Urban Studies to Economics, you wanted more structure.

P: The Urban Studies Department had no intellectual structure to it. It's not that I wanted structure or that I wanted someone to tell me what to do on Monday morning. Urban Studies Department was completely undisciplined in terms of their intellectual structure.

G: Meaning an intellectual core theory? They have some very capable people in different parts, but what makes the whole thing hang together?

P: Yes. They have very capable people, but each person's on their own planet.

G: The second question is: You talked about the three elements of your research: careers, training policy, and community organizing. I was struck when you talked about careers, because I know it was also a very important area that brought together Lotte, John Van Maanen, and Ed Schein. I'm curious about the connections, interactions in part because one of the things we're interested in is how different groups in the School interact, or don't, and how that has evolved over time. It would seem that there would have been some connection there. Was that just because of the way the School was structured? Your work? Your personality? The other people?

P: All of the above.

G: Okay.

Int. w/P. Osterman
4/9/14

15

B: You've done some important service to the community. You mentioned earlier that you've been in the Dean's office. What years were you Deputy Dean? What was your portfolio there?

P: I can't tell you what years. It ended with my last sabbatical. You could count back. Next year is a sabbatical. I did it for four years. And actually, they needed two or three people to replace me.

When I did it, I was responsible for all the faculty personnel issues – hiring, promotion, tenure. Plus I was responsible for the MBA program, plus I was responsible for the Sloan Fellows Program, plus I was responsible for the undergraduate program. The only thing I wasn't responsible for teaching was Executive Ed, that didn't report to me.

They replaced me with one person, JoAnn Yates, to do the teaching stuff. And another person asked me to do the faculty stuff. But I did it all. And I wrote a book. That's what I did for four years.

B: Was there another deputy dean?

P: Steve Eppinger. Actually, my first year there was Don Lessard, and then Eppinger.

B: And Schmalensee was Dean.

P: Yes, Dick was Dean.

B: Were there any changes in the School during that period of time? One of the things we're trying to understand is how the School has unfolded and developed in terms of initiatives....

P: Well.... there was a lot of energy around international issues. We started the Masters of Finance program. It's first admissions year was after, when Schmittlein came in. He didn't start it, we started it.

Int. w/P. Osterman
4/9/14

16

Ditto for the E-MBA, we started that. We started planning for it. It didn't start until after Schmittlein came in.

The School got a little bigger, we admitted a somewhat larger MBA class.

I think – here I'm a little hazy – the MOT program was eliminated....

B: Folded in with the Sloan Fellows.

P: The undergraduate minor started under us. Yes, there were changes.

B: There was a lot happening. I can see why you were ready for a change.

P: Dick's main energy, he did other stuff, was raising funds for this building. That was his mission.

B: Have you done service on any MIT-wide committees?

P: For three years I was on the Committee on Discipline, COD, hearing these cases. Largely involving undergraduates, although there was a Sloan School MBA. Plagiarism, sexual harassment, stuff like that. I did that for three years.

One year I was on the Library Committee. The only point about that was they didn't charge me fines when I turned in my books late. It was like complete corruption.

B: They gave you a wild card, eh?

P: If you were on the Library Committee, they can do anything. Actually, one of my dominant memories as a graduate student.... I liked to come to Dewey to study – how to sneak coffee into Dewey. I would walk into Dewey carrying a pile of newspapers, and I'd have my coffee cup wrapped up in a newspaper. I found many ways to sneak into Dewey with coffee. That was my big thing. I don't know what their coffee position is now.

My main service to Sloan was the dean thing. I've been on many Sloan committees, obviously. Everybody has. But the only real MIT thing was COD.

Int. w/P. Osterman
4/9/14

17

B: And you've been co-director of the IWER, the Institute for Work and Employee Relations.

P: Right.

B: Looks like this year, with Tom on sabbatical, you are THE person.

P: Yes. My current project is a website. I'm about to hire somebody to do a real website. Completely re-do it, change it, make it real. IWER has been a lot of work this year. We're trying to hire a senior person, so I ran that process and it's all been very complicated.

B: We're getting close to the end. You may have other things you want to say.

A question we often ask is: Since your coming here, and someone says "What has really given you satisfaction? What are you proud of? What did you really get kicks out of here as a faculty member at Sloan?" You've done an amazing number of important studies. What's the short answer?

P: Well, it's your own work, but you don't mean that.

B: No, it can be. Whatever you're proud of.

P: Yes, I'm proud of my own work. I enjoy interacting with my group of colleagues. Over the years there have been 5 or 6 students I've felt very close to. That would be it.

B: I think something that should be said – and it came out when we interviewed Tom, that this group has a very strong tradition that goes back to the late 1930s, when the Industrial Relations section was in the Economics Department, and it's just been carried through for many decades.

P: Yes. I think there's a fair question about what's next. But that remains to be seen.

Int. w/P. Osterman
4/9/14

18

END OF INTERVIEW