

# BUSINESS JOURNALISM

HOW TO REPORT ON  
BUSINESS AND ECONOMICS





# A Brief History of Business Journalism

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Business information was generally available in the popular coffeehouses of London and New York in the 18th and early 19th centuries simply by people talking to each other. Those conversations gave rise to printed news pamphlets and eventually newspapers. The *Financial Times* was founded in 1888; and *The Wall Street Journal*, still America's biggest selling newspaper, came out a year later. So it was business and trade that helped create the journalistic profession of which you are—or wish to be—part.

As trade began to rapidly increase, the great institutions began to grow. The coffeehouses were no longer good enough or reliable enough for trade purposes, so The Bank of England, the London Stock Exchange, The New York Stock Exchange, and the London Corn Market were established, which made the trading of goods and commodities more formal.

The first true business journalist was German-born Paul Julius Reuter, founder of the famous newswire service Reuters. He was a failed businessman when he arrived in Britain; but by 1851 he had a flourishing news business, supplying prices and information on corn crops from the great wheat-growing countries in central Europe to the commodities markets in London.

Reuter realized that whoever was the first to provide information on the wheat harvests from the corn belts of Europe to the London markets, so prices could be set, would provide a truly useful business news service—and a profitable one. Other companies in the same business of providing information to London about harvests on the great wheat-growing regions of Russia and Ukraine took several days to get such information back to Britain because they used transport over land to convey their reports. The telegraph cables only reached from London to Belgium, so Reuter replaced his regular messengers, who would deliver the news on the harvests from Eastern Europe to the wire heads, with carrier pigeons. These birds flew to the wire service offices in Belgium, where the information on commodities was passed on to London by wire. It now only took a day to get the information from countries such as Ukraine to Britain. Reuter became wealthy.

The first business news operation, which was to grow into a news and financial information Goliath, had started.



## The First Business Newspapers

The early newspapers, precursors of the *Financial Times* and *The Wall Street Journal*, began to grow in both New York and London at about the same time as Reuter developed his market news centers, but for different reasons.

Coffeehouses as a venue for sharing news and information gained in popularity during the 17th century and became forums for business information in the 18th and early 19th centuries. The private gentlemen's clubs of London served a similar purpose for the rich and titled. To this day, the dining rooms of London clubs are known as the "coffee" rooms. From that came printed news pamphlets and eventually newspapers. In New York, however, the famous pamphleteer Tom Paine took fledgling newspapers to new heights in urging the colonists to rebel against the English crown. The issue was taxation, so Paine was an early business journalist as well as a rebel.

But now the great institutions were beginning to grow. The Bank of England, the London Stock Exchange, the London Corn Market, and the trading of other goods and commodities became more formal. Trading moved out of the coffeehouses into these institutions and so did the news about prices and buyers. The business press was born.

## 20th- and 21st-Century Business Press

Although London was a great marketplace, the social revolutions of the late 19th century curbed open market policies and legislation far more in Britain than in the United States. As a consequence, America developed as an open trading nation far more rapidly than London. The average 20th-century American citizen owned stocks and shares, played the market, and made private investments in business.

This revolution didn't really happen in Britain until the early 1980s with the open market policies of Margaret Thatcher, who encouraged ordinary people to own shares, especially in newly privatized enterprises. As a result, business news was far more prominent in the *New York Times* than the *London Times*. That didn't mean that business news wasn't needed in the UK: far from it. But ordinary general newspapers conveyed that information until the advent of the *Financial Times* (FT) in 1888. Even then, it was the turn of the century before the FT flourished as a business newspaper.

This book makes much of the recent financial crisis of the past decade. However, one of the most famous about-faces of open market policy had tragic results in 1920s America.

For a variety of reasons, recession set into the US economy. The press of the day urged the government to do something about it and hounded the administration into passing the Hawley-Smoot Tariff Act of 1930. This act

created legislation that raised American tariffs on overseas goods to such an excessive level that there were few imports. The theory was that the United States was big enough to produce its own natural resources and to contain an internal market big enough to support a manufacturing sector that would produce its own goods and create significant employment.

Such policies rarely work and, in this instance, they were a huge disaster, triggering the Great Depression in the United States and creating such poverty in other countries that the whole industrialized world was affected. Nowhere was this more true than in Germany, where unemployment stoked the rise of National Socialism, which triggered the start of the Second World War. It was a shameful period in history, and the involvement of the business media in badgering politicians to introduce protectionist trade policies put a black mark against journalism for several decades afterward.

In the UK, meanwhile, socialism gained ground. After the Second World War, trade unions took a giant grip of business, including newspapers, radio, and television. The concept of a *closed shop*—which means a worker needed a job to be a member of a union but could not get a job unless a member of a union—led to cronyism, corruption, and the right to manage businesses being taken away from management and effectively handed over to trade union officials. Britain became uncompetitive, with new technology scorned and workers' rights becoming more important than efficient business practice. Vast numbers of people were required to produce newspapers and television programs because trade unions insisted on overtime restrictions and dictated which employees could write and report news and who could use technology such as film and videotape editing machines, so that growth in the media sector was stunted and the news industry began to decay. TV reporting crews in New York, for example, were composed of three people; while in Britain, news gathering took double and sometimes treble that amount of people.

That changed in the late 1970s with the election of Britain's first female Prime Minister, the firebrand Margaret Thatcher. Determined to return Britain to being a strong trading power, she confronted the various trade union organizations, sometimes violently, until most restrictive practices disappeared. She also introduced a massive privatization policy, selling off most state-owned enterprises and making ordinary citizens shareholders.

The advent of this new open-market policy in the UK saw a deregulation of the electronic media. As a consequence, radio and television programs—and indeed channels that were forerunners to such TV stations as CNBC—mushroomed. And because many ordinary folk now had an interest in the fortunes of major businesses by virtue of owning shares in them, interest in business news grew rapidly.

Unfortunately, TV business news is expensive and many programs closed down with the recession of the late 1980s. They flourished again with a resurgent economy, only to see sharp cutbacks, some bankruptcies, and curtailment of



activity in the new millennium. Analysts forecast that business news would bounce back as the economy improved, and these forecasts proved accurate; media, especially business media, have flourished in the second decade of the 21st century. However, traditional media are facing a new challenge from new media, online journalism, and the new fashion of getting information off the Web.

Other developments worth noting have added to the importance of business media over the years. Satellite delivery of text and pictures has helped the speed of information. The Web has enabled widespread distribution of business information, and when television properly conquers the challenge of how to properly use the Web as a distribution platform, which is not too far off now, the impact will be even greater.

Despite these developments in delivery technologies, business journalism is not going away. Quite the contrary: business media are very important to the operation of stock markets. When companies are publicly owned—that is, when shares are held outside the company—legislation demands full and open disclosure of information. Business agencies such as Dow Jones and Reuters are extremely important to this disclosure, and both the stock markets and individual companies work closely with them to ensure that information is released at exactly the same time to avoid any charges of concealment. As stock markets spring up over the Balkans, Eastern Europe, Central Europe, Asia, and the Middle East, this relationship is becoming increasingly important to public relations practitioners in industries listed on stock exchanges. Related media activity is seeing a boom.

The business press has become very influential in modern financial markets. It can deliver news at the speed of Superman, without having to pause in a telephone booth for a change of underwear. As top financial agency reporter Randolph Waleries points out in this book, a fraction of a second can be vital to how markets react to the release of company or economic news. Media provide the conduit for distributing that news, analyzing it, and even forming conclusions from it. Business media act as monitors to companies inasmuch as they can focus on weak or ineffective management, growth of competitors, factors that can alter prices or costs such as hurricanes, famine, drought, wars, or other disasters that may disrupt the activities of a free and open market.

If Reuter had had computers rather than pigeons, perhaps the history of the business press might have been a lot different. But he didn't, and despite that he changed the face of business reports and thus changed the nature of business reporting.

One thing is for certain: he found being a business journalist in the 1800s just as heady and exciting as I find it today. My hat is off to Paul Julius Reuter, and a plague on those faceless bureaucrats who still want to get rid of pigeons in Trafalgar Square!

# Establishing Good Journalistic Practices

## Putting Business Reporting into Context

*Why should anyone want to be a business reporter? Is reporting on industry and the economy an important business?*

The role of the business journalist has taken on increasing importance over the past few years as conjunction with major economic changes have roiled the world. And it will become even more important as economic crises continue to shake and reshape the social environments of almost all the countries of the free world.

So business and economic journalism is arguably the most exciting branch of journalism today and will remain journalists' most solid career choice going forward.

### The Business Journalist

*What's required of you, the business journalist?*

You must be completely accurate. You must be completely impartial. You must have a nose for news. Business journalism is mostly investigative work.



And investigative journalism has the biggest effect on the everyday life of the ordinary citizen.

As a business reporter, you dig out and report on issues that can immediately or ultimately affect the average person's predicaments and choices. The business journalist is the professional who alerts and informs ordinary people about such personally interesting issues as job losses and opportunities, rising medical costs and declining housing prices, food shortages, and the factors affecting investment income and paychecks.

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**Note** Business journalists must be impeccably accurate and impartial. And you must understand your role in society—you are reporting on stories that affect many people in the community one way or another.

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## Who, What, Where, When, How—and Why

All cub reporters are taught that their stories must answer the standard descriptive questions: Who? What? Where? When? How? They are also taught to ask the overarching sixty-four-thousand-dollar question: Why? Yet too many members of the journalistic profession around the world fail to ask that big question and thereby fail in their first duty as journalists.

Why do so many journalists fail to ask, “Why?” Some journalists are simply lazy. They perform what is scathingly called “protocol journalism”—get the press release and just print it or broadcast it. In so doing, such journalists do no more than an office drudge would do at the copier machine. So why pretend to be a journalist?

Others simply do not understand that as journalists they must report the impact that stories are going to have on their readers, viewers, or listeners—in other words members of the community at large. And yet that is their responsibility; that is their commitment to their fellow human beings.

In business journalism, reporters need to ask, “Why?” They need to dig out the facts. They need to report accurately on everything they can, because business and economic journalism reveals important things that affect everybody. And they need to analyze it intelligently and contextualize it usefully.

## A Cautionary Tale

On a visit to eastern Ukraine, I was entertained at the offices of a major newspaper by senior staff members. During the conversation, they told me about a substantial overseas investment in a steel plant there.

The size of this investment was big enough to warrant international attention, so I contacted a colleague at Dow Jones Newswires, the international business and financial news agency in London. His editor put a reporter on the story and swiftly the news went around the world.

Essentially, the story was that a Swiss steel company had decided to invest \$100 million in two casting machines in the steel plant. These machines would eventually produce 2 million metric tons of steel plate a year.

International investors were keen to know such information because it gave them signals about the wisdom of investing in a region about which they knew little. Why did the Swiss invest in this machinery? Is the total output of this plant going to increase? Is the steel market expanding? Are there new export factors that triggered this move?

Those questions needed to be asked because if any of the answers were in the affirmative, then the overall steel production of the region would expand. Lacking training, the journalists in the news office I visited hadn't thought to ask them. It was a prime example of protocol journalism.

Yet the implications of this news were vitally important to the local population. It might have been the harbinger of more employment, the rejuvenation of plants, an injection of cash into the community, and the return of prosperity. On the other hand, the local consequences might be negative: Would the machines do the work once done by manual labor, such that jobs would decrease and local people would be thrown out of work? Would local shops get more business or less? Would food producers see an increase or decrease in their revenues? What effect might the investment have on tax revenues?

These questions would have been running through the minds of thousands of people who in one way or another would be affected by this event in the steel industry, and it is up to the business reporter to provide the information. What on the surface seemed a dull economic story might in fact have provided dozens of human interest stories and yielded critical information to people with hopes and fears about the investment's impact on their daily lives. When communism collapsed, the welfare state went with it. So just what would this event mean to the local populace if workers were made redundant? How would their families support themselves?

This incident was sadly symptomatic of much journalism in mature as well as emerging democracies: write what you are told and ask no questions. But the role of journalism in any country is to inform, to ask questions, to provide answers, and to sharpen social awareness or even crusade on social issues.



## The Importance of Business and Economic News

The biggest recent growth in media has been in business and economic news, especially since the financial crisis in 2008 and the ensuing problems experienced by almost every country around the world. Although business and economic reporting has always been an important component of media output, the demand for business news has grown as free market principles have taken hold around the globe, and so have the number of journalists who report it and the editors who see it as an important part of their news coverage. Business news is the cutting edge of investigative journalism and increasingly makes the major headlines in newspapers and the lead stories on TV or radio. Reporters and writers of business news are accordingly ever more important.

Business news is also essential to the operation of stock markets. When companies are publicly owned—that is, when shares are held outside the company—legislation demands full and open disclosure of information. Business news agencies such as Dow Jones and Reuters are an integral part of this disclosure. Western stock markets as well as individual companies work closely with them to ensure that information is released at exactly the same time to all media to avoid any charges of concealment.

Stock markets are springing up all over developing regions such as the Balkan/CIS, so it is important that reporters in such countries establish a relationship of trust and cooperation with market management. Most of these stock exchanges don't have the sophistication of Western market establishments, but journalists can assist in their development by introducing reporting skills and practices when writing stories about their local exchanges.

## The Need for High Journalistic Standards

Business reporters have a big responsibility to ensure that they observe the general rules governing the practice of journalism. Being a competent, honest, and impartial journalist is essential when reporting on business, the economy, and government. If journalists get their facts wrong or let opinion take over from independent reporting, they may cause people to lose their jobs, prevent inward investment, or encourage corruption and incompetence in government or corporate affairs.

Reporting on business, the economy, and financial matters doesn't mean that a journalist has to be a businessperson, economist, or accountant. In fact, most people in these professions make bad reporters. What journalists do is tell a story. In the case of specialist reporting such as business, journalists need to have a fair knowledge of the background to their story, but they do not need to be experts. Reporters must never be afraid to ask. And they need to be

**Tip** Top Journalists are news gatherers and disseminators, assessing what information is important and then relaying it to the public in as appealing and revealing a fashion as possible. Therefore, writing skills, broadcasting talents, voice development, and even modes of dress are important.

## Code of Practice

Media talks constantly about the need for freedom of the press, but that freedom can be secured only by responsible reporting. Freedom demands responsibility.

Journalists are not usually closely regulated by law. Unlike medicine and the legal profession, it is possible to practice journalism without being required to follow a compulsory professional code—hence the international concern when the British media were threatened with government regulation following the Leveson inquiry into phone hacking.

Here are a few guidelines that the responsible and sensible journalist should always remember. These guidelines are substantively included in voluntary codes in a number of countries with a free press.

- Journalists should never give or take a bribe or gift in any form.
- Journalists should not let politicians, businesspeople, public relations officers, or spin doctors play confidence tricks on them.
- Journalists should not allow themselves to be coerced. If the story isn't an honest one, it's no good to anyone.
- Journalists should never allow someone who claims they know the owner of their newspaper or broadcast station to put pressure on them.
- Journalists must be impartial and should not be financially, politically, or emotionally involved in the story they are reporting.
- Journalists should be fair and honest, and they should not mislead interviewees, sources of information, or their audiences.
- Accuracy is vital. Published information must be correct. Conflicting information should be assessed and placed in context. Mistakes should be publicly corrected.



- Reporters should provide subjects a fair opportunity to reply.
- Financial journalists must refrain from taking personal advantage of privileged knowledge.
- Reporters should ask themselves how a journalist should react to public relations departments, including government spokespeople and politicians. How satisfactorily and impartially do these departments handle the flow of information to the media?
- Modern news gathering techniques mean journalists must react to the speed of current technology and reporting modalities. Nonetheless there is never any excuse for not producing accurate, presentable, and timely news. Accuracy, credibility, and truthfulness must never be compromised by the need to be “first with the news.”
- Confident in her journalistic due diligence, a journalist must vouch for her story and robustly defend it against criticism or claims of inaccuracy.

Business journalists face trying pressures in both new and old economies: bribes, promises of holidays, new cars, and many other blandishments to write a story that is not quite in keeping with the facts. Resist giving in to such temptations. Maybe you won't be found out, but the feeling of pride in a story well researched, well written, and above all accurate and true is much greater than looking at a brand new automobile and knowing you sold your professional integrity to get it.

An essential tool by which you make sure you have tried your hardest to establish the facts is conducting interviews with the key players associated with your story.

## How to Conduct Interviews

Most journalists will have to interview people to gain the information they need. Here are some points of good practice to follow:

- Remember to prepare for the interview; do your homework on a story and the issues involved.
- Ask questions directly, properly, and as simply as possible. Don't try to impress an interviewee with your knowledge of the subject: news people are there to gain information, not to show off.

- Set the interviewee at ease, listen to the answers, and respond to the conversation. Don't interview by rigidly following a list of questions you have noted down before the interview. The only question you really need to prepare is the first one.
- Stay in command of the interview. A reporter has no divine right to receive answers—but he or she has a perfect right to ask the questions. Discourage interviewees from saying, “No comment.” Point out that it makes them look as if they have something to hide.

**Tip** TV reporters should become skilful in editing the text of an interview on location. You may not have time to do anything but a quick phone call or you may not have electronic editing facilities available when you return to base.

After you've conducted your interviews, it's time to write the story.

## How to Write the Story

First, identify your audience. Who are you writing for? Who are you broadcasting to? Is your news agenda geared to the public who want to know what is going on? Make sure you are not writing because, as a professional, you think you know what they need to hear or read. Don't be drawn into speculation or giving a “personal” view. All stories must be based on facts.

**Rule** The golden rule of journalism is that there is no golden rule. Journalism is not an exact science; each story needs a different treatment and a different angle. Much of journalism is about debating the issues and looking at them with a fresh pair of eyes.

The watchword for writing a news story is “keep it simple—or KISS (Keep It Simple, Stupid.) Use words that the public will understand, not those that will impress the boss.

Discuss story angles with colleagues. For example, what is the impact of a workers' strike? Will it trigger unemployment? What does that mean to the local economy?



**Tip** When writing a story, bear in mind the limit on the number of words that you can use. It will be different for each medium—text, television, and radio—but there is always a restriction, so make sure every word counts.

Keep these guidelines in mind when you apply the familiar formula that a story must have a beginning, a middle, and an end. To hook the viewer or reader, think of how you might begin telling a story to someone standing near you—“A big steelworks in London has gone bust!” or “Stocks took a hell of a dive today!” The language might need improvement, but these lead sentences do grab the attention of the reader.

After you have established a lead, select the key facts to back up your story. Use sentences that are short enough to be understood easily but not so simple that critics could say you’ve come straight from kindergarten. Do not make them so complex that they are incomprehensible unless read several times. Where possible use the active voice: “The government today announced ...” not “An announcement was made today....”

The onus for clarity is on you, the writer, and no one else. Always ask yourself: do I understand what I’m writing? If I don’t, then others will have no chance.

Journalists must also realize that people do not remember everything they are told, even through the very powerful medium of television. In assessing and writing stories, remember to tell them, remind them that you’ve told them, and then remind them that you’ve reminded them.

Finally, be ruthless in editing your own piece. Do not try to cram in every fact you have researched, and avoid clichés and jargon. See how the story reads once you have finished it; put it aside for a little while, then re-read and if necessary tweak it to ensure it is telling a story accurately and intriguingly.

**Note** If you publish something that is factually wrong, put a correction on the record. Journalists are human. They make mistakes. Admit to an error, correct it, but don’t be overly defensive about it.

## Last Thoughts

This chapter is a general guide for business journalists illustrating the way they should go about their work.

The following chapters in this book are designed to help you understand some of the key financial and economic issues of which you need to be aware. It’s hard work. And remember—the really professional way to report on

## Key Points

- You don’t have to be an economist to be a good business reporter.
- Never be afraid to ask for information.
- Be a good storyteller.
- Follow the good practice code.
- Prepare for interviews.
- Identify your audience.
- KISS.