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‘Financial news journalism: a post-Enron analysis of approaches towards economic and financial news production in the UK’

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Abstract

The collapse of Enron and other corporate scandals have raised concerns about the efficacy of financial journalism. Based on research into where reporters get their ideas for stories from and how they approach their work, this article explores the particular circumstances in which production of financial and economic news takes place. The author argues that, while reporters are generally highly sceptical about ‘spin’ and strongly inclined towards highlighting instances of corporate underperformance and mismanagement, the circumstances and constraints they work within nonetheless make it unlikely that financial irregularities obscured within company accounts will be detected on a routine or consistent basis. Moreover, the way in which the commercial sector is organized (with in-depth analysis generally confined to specialist media whose audiences are already financially literate) means that the task of facilitating a sound public grasp over the significance of financial and economic news developments is largely being neglected.

Key words

Financial journalism; economic journalism; financial press; news decisions; agendas; sources; corporate influence.

Introduction

Why is it that the Enron collapse of 2001 came as a surprise to financial journalists and the world at large? ¹ According to Andrew Gowers, editor of the *Financial Times (FT)*, the warning signs which ought to have triggered suspicion (i.e. anomalies in the annual report for the previous year) were all present ahead of the company's sudden demise. But '[t]he press blindly accepted Enron as the epitome of a new post-deregulation corporate model, when it should have been much more interested in probing the company" (Gowers cited in West, 2005: 9).

The extent to which financial and economic news coverage adequately informs the public will most obviously flare up as a matter of concern when what is seen as poor journalism is accompanied by widespread and painful personal losses such as those precipitated by an unexpected collapse in share prices (Oborne, 2002: 55; Sherman, 2002). The immediate experience of financial loss or gain is, of course, not the only issue at stake. How well journalists do in interpreting and describing economic and business news and the public's grasp over these issues also has potentially important political ramifications. This was clearly evident, for instance, in the explicit emphasis given to the economy as the 'key to victory' in New Labour's 2005 campaign for re-election (Wintour, Carvel and Branigan, 2005: 1).

In the wake of Enron and other corporate scandals that have raised concern about the efficacy of financial journalism, this article sets out to explore the particular circumstances that surround production of economic and financial news content. Despite important earlier work that has analysed the role of specialist correspondents - most notably by Tunstall (1971) - relatively little discussion has taken place within academic literature about issues and features that are specific or particular to this area of journalism. Yet at the same time, it is increasingly recognized that perceptions about the economy and prevailing business climate occupy central importance within everyday political debates (Goddard, Corner, Gavin and Richardson, 1998: 33). This exploratory study opens up economic and financial news production to examination by investigating where reporters get their ideas for stories from, how they approach their work, how sources are used and which pressures they face. More generally, this article aims to consider the nature of the contribution to public knowledge made by financial journalism.

Desirable though it is that news coverage should facilitate informed public engagement with important issues of the day, there is relatively little evidence to suggest that the ways in which economic and financial developments are reported do, in fact, engender widespread and in-depth comprehension, particularly for non-specialist audiences. Earlier research that has focused on the content of news reporting has identified, for example, the ways in which accounts of economic events and processes within mainstream media may often be incomplete or excessively vague (Jensen, 1987). Research into audience reception of economic news on television has also identified numerous problems related to comprehension (Goddard, Corner, Gavin and Richardson, 1998).

Some research work has been critical of perceived partialities in economic and business news coverage and of the role played by corporate public relations (PR) in manipulating public opinion (Dreier, 1982; Glasgow University Media Group, 1976, 1980). Davis has argued that the main purpose of deploying corporate PR is not to sway the public at large but rather to influence ‘other, mostly corporate, elites’ (2000: 283) – corporations vie with each other for the attention of a target audience primarily composed of investors. In so doing, they dominate or ‘capture’ business and financial news agendas to the exclusion of all other interests (Davis, 2002: 70).

The notion that business news coverage is heavily influenced by powerful and self-interested corporations accords with the radical critique offered by economist J.K. Galbraith. For Galbraith (2004), economists, politicians and media are all party to an ‘innocent fraud’ in their interpretation of economic and financial events and all have colluded in myths (such as that of a benign ‘market’) that obscure rather than illuminate the grip of big business over public life.

Are economic and financial journalists systematically duped by corporate spin or do they bring to bear a critical expertise which helps contribute to an informed citizenry? Through examining where financial reporters in the UK get their ideas for stories from and how they approach their work, this article aims to explore the sort of intellectual climate and circumstances in which production of this particular type of news takes place. The research underpinning this analysis took place in Spring 2005 and involved observation of news meetings and a series of in-depth interviews.²

The findings presented below indicate that many of the pressures and imperatives faced by financial and economic journalists are, in fact, similar to those affecting specialists that cover other ‘beats’, for example, constraints over time and resources and the need to remain close, but not too close, to relevant sources (Tiffen, 1989; Tunstall, 1971). However, the conditions and challenges surrounding production of financial and economic news content are distinctive in some respects at least. Gowers’ assessment that journalists need to stand up more firmly to ‘corporate bullying’ is acknowledgement of one particular sort of pressure that bears consistently upon financial news reportage (cited in West, 2005: 9). Another notable difficulty is that, as will be argued below, the domain from which economic and financial news emerges is one of imperfect knowledge and where the informational needs of the professional investors routinely predominate over those of journalists.

Nonetheless, the extent to which financial and economic news coverage facilitates a sound public grasp over unfolding news developments has important potential implications both in terms of civic empowerment and also in terms of democracy. Thus, in exploring the conditions within which this particular sort of news is produced, a broader concern that this article will seek to consider is the extent to which the current organization of financial news coverage is conducive towards widening and advancing public understanding about the meaning and significance of events in this arena.

Where do ideas for financial news stories come from?

The processes through which financial news stories are identified and selected for coverage typically involve some degree of interplay between a news editor and a reporter or reporters. Journalists are expected to bring forward ideas and more weight is given to those generated by specialists and experienced correspondents. In terms of where financial journalists get the ideas from that they bring to their editors, some are self-generated but most stem from scanning other media (especially, newswires) and sifting through official releases (e.g. company or government announcements) or semi-official data (industry surveys etc) that routinely flow through to the news desk.

Thus, news selection procedures are not dissimilar from many other areas of journalism. However, judgements amongst financial reporters about newsworthiness are very strongly governed by perceptions about utility and levels of financial literacy amongst target audiences. A reporter working for a specialist publication such as the *FT* or the *Investors Chronicle (IC)* may well have a quite different sense of what is newsworthy from a financial correspondent working, say, for a mainstream Sunday newspaper or at *CNN*.

The readership for specialist financial publications is perceived by those constructing news on its behalf as being educated, informed and relatively literate on issues related to the economy. According to an *FT* journalist:

‘We’re very conscious of who we are writing for. We’re writing for investors such as City fund managers. Our role is to inform educated, professional investors.’

Journalists working within the business sections of more mainstream media have a different sense of who and what interests they are catering to. Whereas investors and ‘City people’ may represent a portion of their audience (a component likely to be highly valued in terms of advertising), the general purpose of business news coverage within regular newspapers or television is rarely to speak to this constituency alone. Business news segments within mainstream media are usually intended to be accessible and appealing for non-specialist audiences – stories are expected to capture and sustain the attention of a broad, lay readership. Entertainment is therefore high on the list of priorities. One Sunday financial reporter explains:

‘I think our Editor is very aware that a lot of our business readers are, let’s say, people that are running shops in Birmingham for whom the intricacies of hedge fund management are not going to grab them every week.’

Contrasting news values are discernible in the approach towards selection of, for example, stories about companies. For news outlets primarily concerned with servicing the informational needs of investors, the key point of interest in a company story will tend to be analysis of events (particularly unexpected ones) affecting that company’s financial performance and earnings and, by implication, it’s share price. At the *FT*, reporters rely heavily on routine company announcements to the Stock Exchange (e.g. about results) to generate initial ideas. In addition, self-generated ideas may emerge from something a

journalist picks up in the course of investigating routine or ‘diary’ stories or when a sector specialist spots an emerging pattern affecting companies within their ‘beat’.

Within mainstream daily newspapers, selection of stories for the business pages also relies to a large extent on ‘diary’ events - ideas drawn from the routine flow of daily announcements of company results, news of mergers or acquisitions etc. Here, however, judgements of newsworthiness reflect a different understanding of what readers hope to get out of looking at business news and one in which investment information is by no means seen as the main angle. Typically, one of the main drivers underlying choice of stories is whether a lay audience (i.e. a mixed readership including many who are not investors) will recognize the players involved. Another consideration is the scale of the financial events involved and whether this is likely to captivate a non-specialist audience. One daily journalist describes the process of sifting ideas for news stories as follows:

‘You tend to think about the size of the deal involved – numbers. When you’re talking about multi-billion pound deals then that is considered very sexy indeed. The other thing that would be considered of great value is if the companies involved are household names. And that’s why retail companies get an awful lot of coverage – because everyone knows them...

If there is a personal aspect – directors and pay-offs – then that can be helpful. People have been interested over recent years in reward for failure and “fat cat pay” stories.’

Responses gathered from a range of UK-based financial journalists suggest that judgements about newsworthiness vary according to experience, training and employment history. For some – especially those employed at specialist publications such as the *FT* - good financial journalism involves in-depth analysis intended to inform and perhaps shape investor sentiment and behaviour. For others – especially those catering primarily to lay audiences – news coverage often leans more in the direction of ‘infotainment’ centered around actors, events and intrigues that happen to be situated in the realm of business and finance.

Of course, these two sorts of journalistic ambitions are not always mutually exclusive and nor is it possible to neatly categorise all reporters’ inclinations purely on the basis of which publication they are writing for. Indeed, many financial reporters have moved with relative ease between specialist and mainstream journalism. Nonetheless, the imperative to avoid alienating non-specialists is generally acknowledged as an important determinant both within story selection and in the choice of points of engagement offered by business segments at most mainstream media in the UK.

Consequently, company stories that centre around the activities, enunciations and perceived failings of prominent and well-paid corporate executives feature with extreme regularity in the business pages of many if not most UK newspapers. This conforms with Tumber’s suggestion that the news values inherent within business news coverage are apt to reflect ‘the media’s normal preoccupation with the lives of the rich and famous’ (1993: 351). One City editor accounted for the impetus to include a ‘human angle’ within business stories as follows:

‘Focusing on people and personalities is a much easier way to bring readers in than focusing on, say, technological trends or industry structure or gearing histories.’

The need for an ‘accessible’ approach to financial news coverage militates against the use of technical or specialist forms of financial analysis which, whilst central to the investment news circulars issued to institutional investors by brokerage houses and banks, play little or no role in the finance pages of the mainstream press. The opinions of investment specialists are often cited but, typically, in terms that are broad and highly abbreviated rather than as a means of opening up, say, a company’s revenue and cost structure to close scrutiny by a lay audience.

The different ways in which financial journalists account for how their ideas for stories emerge are indicative of how very varied this field is. Whilst news judgements within specialist financial media reflect the privileges of addressing a self-selecting and relatively economically literate audience, other media constantly struggle with the challenge of making financial news accessible and appealing to lay audiences. This latter imperative, however, is not necessarily compatible with nor conducive to the more analytical and penetrating forms of journalism through which public comprehension of events in the financial world might be strengthened.

Companies as sources

As well as the differing attitudes reporters take in relation to what constitutes a good story, their approaches towards use of sources and towards verification and corroboration reveals much about how the intellectual climate within which financial news production takes place can vary. Sunday mid-market journalism for example, with its emphasis on (sometimes anonymous) tip-offs to create breaking news, may be contrasted with an insistence on accuracy and precise attribution at a publication such as the *FT* where internal guidelines require two and ideally three independent sources for each story. Nonetheless, at least one attribute is widely shared amongst financial journalists whose job it is to report, explain and comment on corporate performance – that is, scepticism about corporate ‘spin’.

The relentless drive towards positive self-portrayal by companies is widely acknowledged by financial reporters as endemic to their field. The growth of corporate and financial PR over recent decades may be seen as part and parcel of the wider ascendancy of ‘spin culture’ (discussed by, for example, Davis, 2002; Franklin, 1994; Jones, 2000). A variety of methods is deployed by journalists in order to maintain an independent and critical stance. According to one financial correspondent:

‘You start with the assumption that the press release is not telling you the whole story.’

To arrive at a more fully-informed understanding of whatever event has taken place, a series of discussions or interviews with company and other ‘expert’ sources is needed to gather follow-up information. That the motives which lie behind any source choosing to speak to

the press need to be considered is widely appreciated. Being well-informed, building up good relationships (though not too good) and retaining one's cynicism are seen as important tools for extracting useful and 'truthful' information from corporate contacts. All the reporters interviewed in the course of this study were emphatic about the need to retain a critical distance in relation to corporate sources. As one explains:

'We *know* we're being spun to, but we do bring our own judgement to it... You're not going to be captivated because of a few freebies or a nice lunch.

[T]he prospect of losing access because you take a critical stance is more of a threat to analysts than to journalists, at least at the *FT*. There have been cases of equities analysts being sacked because of writing unfavourable reports about companies ... Companies can write to the editor and complain that I'm an asshole and that would be embarrassing. But they don't have the power to make a journalist lose his or her job.'

Many regard cutting through spin and criticizing, where criticism is due, as precisely the essence of their job. They see themselves as performing a 'watchdog' role in relation to corporate performance and conduct and are therefore innately disposed towards identifying and bringing to light any problems and instances of poor management or failure within corporations. Even so, one or two acknowledge that, since hostile coverage of a company may jeopardize future access, relationships with useful corporate contacts need to be 'managed carefully'.

Some companies and individuals try to deter unfavourable press coverage by, for example, harassing journalists and/or striking up an aggressively libelous stance:

'The *FT* obviously has a huge advantage in that, by and large, they've got to speak to us. So you can be fairly robust really. But [journalist A] who covered the whole [company X] thing had a terrible time with them because they were always trying to deny that things were going wrong. She knew things were bad. She would write things and they would ring up and complain and bully. They really did try very hard. And of course she was right. And in the end they all had to get the sack. But that's the sort of thing that can happen.

Robert Maxwell for example... had a complete system of bullying... [a]nd for years got away with it. People were too terrified to write things about him because he would sue.

And at the moment [company Y] are suing people right, left and centre. They're suing us. There is this fear.'

As a self-protective measure, news media tend to be very vigilant about the threat posed by litigious corporate players and newspapers routinely seek legal advice before publishing stories that are potentially actionable. Journalists' awareness of this brings with it caution in relation to certain corporate players. Thus, as exemplified by the Maxwell case, bullying can be a highly effective deterrent against good journalism.

Even so, most reporters spoken to in the course of this research attach high importance to their own sense of independence and are clear about the need to exercise informed and critical judgement when it comes to interpreting and commenting on news events in the corporate

realm. Speaking and cross-checking with sources *outside* the company plays a vital role in this.

Analysts

For many company news items, equities analysts that are employed by banks or brokerage houses to carry out investment research can be extremely helpful in disentangling the facts. Not surprisingly perhaps, they play a far greater supporting role in some forms of financial news coverage than in others. Insights that hinge on detailed financial analysis are usually not going to offer a great deal of interest for journalists whose primary mission is to seek out exciting and entertaining stories involving ‘big numbers’ or a lively human interest angle to bring colour to the business pages. In more conventional forms of financial journalism however, where the emphasis is on assessing current and prospective earnings performance and overall investment appeal, journalists have much to gain from drawing on the specialist know-how that an experienced analyst can offer.

How useful analysts actually are to a financial reporter depends not only on the nature of the journalism in question but perhaps also on the reporter’s own capacity for financial analysis. Whereas numeracy and basic skills in financial analysis are taken seriously in specialist publications such as the *FT*, surprisingly little commitment to training is available to support journalists working on the business sections of many mainstream newspapers in the UK (where the skills of financial reporting have to be learned ‘on the job’). Time constraints are a more universal problem and another potential impediment to journalists unraveling the financial complexities of any given corporate development for themselves.

One business news editor explains that:

‘Journalists certainly rely on analysts quite a bit to do the interpreting for them of the performance of companies and of economies... [and] for off-the-peg opinions and quick reactions to the things where we feel they are better briefed than we are.’

Speaking with analysts offers a convenient and rapid means of arriving at an understanding of the significance of events affecting the fortunes of quoted companies. However, since analysts are not themselves entirely ‘disinterested’ parties, a degree of scepticism and critical distance (e.g. about the potential for analysts’ viewpoints to be coloured by clients’ investment positions) is, again, essential. According to one reporter:

‘[w]ith an analyst, you’ve always got to think, hang on, is he talking his book?’

The presence of analysts reflects an interesting peculiarity of this field of journalism which is that information affecting share prices is exceptionally valuable (and, for this reason too, the manner in which quoted companies disclose any news that is material to their share price is subject to regulation). The insights relating to share valuations that analysts may arrive at are intended to benefit their clients – primarily institutional investors – rather than the public at large. Professional investors require access to useful insights not at the same time as but in advance of others. In servicing these requirements, analysts enjoy several material

advantages over journalists including, (usually) a much smaller ‘beat’ or fewer companies to cover, much more time to analyse each one, better access to key personnel within companies and greater expertise in techniques of financial and investment analysis. These inequalities have inevitable implications for the scope journalists have when it comes to breaking stories that hinge on in-depth financial analysis.

Stumbling across ‘black holes’

Although the Enron episode and other recent financial scandals have given rise to criticism of journalists (and, even more so, auditors and analysts who failed to register any irregularities), it is not clear that the prevailing order encourages or equips reporters to recognize and pursue instances of deliberate and well-disguised impropriety (Osborne, 2002: 55). As discussed above, what passes for business or financial journalism can vary widely. Those who put financial news together draw on a wide variety of methods of sourcing and investigation including, in some but *not* all cases, elements of financial analysis.

Serious investor-oriented financial journalism requires corporate reporters not only to comment on events as they unfold but also to reflect on whether, on the basis of whatever information is readily accessible about a company’s finances and operating environment, the market valuation of its shares looks appropriate. Many reporters who operate successfully in this particular domain have both an aptitude for and interest in disentanglement of complex financial information. The need to subject all business models and espoused managerial virtues to critical and independent examination is widely acknowledged. Even so, time pressures being a commonly cited problem, it appears doubtful whether routine analysis by journalists is liable to result in consistent detection of financial irregularities that have been deliberately obscured within company accounts.

According to one news editor:

‘I think financial journalists are generally good at analyzing companies and interpreting and maintaining companies at arms length. Where they are less good, however, is in pro-actively investigating stories – in stepping back to see the wider picture and spotting things that deserve a closer look. This is because they don’t have the time and the opportunity and perhaps the education and training needed to be more pro-active.’

Lack of time for reflection on ‘things that deserve a closer look’ is one difficulty but, even when a situation is spotted (say, with the help of a whistle-blower) where the financial success of a business appears questionable or unconvincing, journalists may still face many additional hurdles. Most journalists spoken with take the view that, even when armed with well-informed suspicions, gaining support for the sustained investigation needed to compile a credible body of evidence for the story is likely to prove highly challenging. One business reporter stated that the failure of journalists to detect financial problems at Enron:

‘... is not surprising and it would not be surprising to see this happen again. I would always see this as being about *resources*. It’s not that there is any disinclination to do

stories like this. People at a morning conference are going to get far more excited about the story of an Enron collapse than Enron new figures...
But if I got a tip-off that [Company X] was massively cooking the books and asked for a week off to follow it up then it would be very hard – people would be highly sceptical..’

The huge investment of energy and uncertain outcome associated with investigative reporting means that, for most financial media in the UK at least, this is supported only on an occasional basis rather than as a routine activity. So long as this remains the case, the opportunities for media to play a role in uncovering frauds such as Enron will be limited.

Economic news stories

Turning to economic as opposed to corporate business coverage in the financial press, again, some interesting contrasts are discernible on the question of what constitutes a newsworthy story. Accessibility is a major consideration although one whose meaning is interpreted differently from one outlet to the next. At the *FT*, for example, where readers are assumed to be relatively economically literate and broadly interested in how the economy may affect the landscape for investment, economic issues are dealt with regularly and at a meta-aggregate level. Economic news coverage tends to be wide-ranging, taking in major international as well as domestic developments. Within sections devoted to business in mainstream media, the range of economic stories likely to receive coverage is much more limited. For UK newspapers, selection of economic news items involves a constant effort to reflect and capture the concerns of as wide a lay audience as possible. Therefore, the stories most likely to be picked are those with a personal finance dimension (e.g. house prices, interest rates, pensions) or with a political angle (e.g. the EU and monetary union, the impact of spending on public services.)

The potential presence of ‘spin’ in the interpretation given to economic events by players in the field is a widely recognised hazard. The risk of bias most obviously arises where self-interest is at stake, as explained by one reporter:

‘you have consultancies or interest groups and lobbyists, trying to push a certain point and they package their information in the shape of official statistics or “expert opinions”. For example, the association of estate agents saying ‘the buy to let market is booming!’

Although such biases are recognisable, the problem remains that self-interested parties are sometimes the main or sole repositories of relevant data – it is they who generate and control access to the expert knowledge that economics reporters rely on.

Some of the sources that economics reporters rely on are prone to extreme and/or deeply entrenched viewpoints based not on motives of self-interest but on genuine professionally-informed beliefs about how the economy works. Economics is, by its nature, a site for differing and disputed impressions of the same reality by ‘experts’(as evidenced, for example,

by the differing predispositions of individual members of the Monetary Policy Committee who advise the Bank of England ahead of each monthly decision on interest rates). So, even where self-interest is not present as a concern, economic news coverage that aims to be even-handed demands of journalists an approach that is sufficiently well-informed and critical to negotiate a panoply of differing professional interpretations of events past and future.

It is widely acknowledged that there is a strong political dimension to economic reporting, not least because governments are generally seen as responsible for the health and ‘stewardship’ of the economy (Goddard, Corner, Gavin and Richardson, 1998). Susceptibility to political prejudice is an obvious pitfall that economics journalists need to be aware of, albeit that, in the UK at least, political partisanship is an accepted aspect of mainstream newspaper journalism and one that spills over into the business pages. For specialist financial publications, the general aim is usually to achieve neutral and objective economic reportage. Whether or not neutrality is an aim, journalists who report critically about the handling of the domestic economy are liable to experience a backlash.

According to one UK economics reporter:

‘we see this, for example, in the way that our relationship with the Treasury develops. Public finances and public borrowing are a big deal in the UK. We see that if we report this critically, we get loads of phone calls from the political people in the Treasury. Not only the political people but also the official press officers and civil servants who shouldn’t have a political outlook on things but do. They say why are you reporting us so critically and aren’t we doing well. There is, immediately, a [sense that] you’re attacking the government. So politics is always present.’

Pressure against negative reportage can take many forms - journalists and publications whose views are critical may, for example, find they receive less favourable treatment in terms of access to leaked data about the economy or to exclusive interviews with ministers. Whilst such pressure may be seen as an occupational hazard, the consequences of it in terms of an informed citizenry and democracy are worthy of further research and analysis.

Thus, the specialist knowledge that may be required to succeed as an economics reporter is not necessarily confined to that concerned with the technical workings of the economy. Whilst a degree of expertise in this respect is obviously conducive to effective economic news analysis, it is worth noting that, within some mainstream media, little or no special distinction is made between economic and other business news and financial journalists are expected to cover both. Relevant knowledge and experience is, however, highly important in sensitizing reporters to the agendas of relevant economic players and sources.

A pro-business agenda?

Some studies that have considered financial news coverage have argued that journalists are, in a sense, ‘captured’ by corporate and pro-business agendas (Davis, 2002). The findings presented here confirm that specialist financial news coverage is primarily investor-driven in

emphasis, but whether the overall agenda is so narrow as to preclude all interests other than corporate ones from finding expression is questionable.

Company news is, most certainly, a central concern within financial journalism. Even so, the findings of this study suggest that reporters generally believe that investors want and need the performance of business entities and the competencies of their managers to be dissected *critically* – something which most pride themselves as being good at, notwithstanding corporate resistance to critical coverage. As previous research has identified (Tumber, 1993), much financial news coverage is negative, pointing to failures of management, results that have disappointed, contracts that have been broken, deals that have not worked out etc. Thus, the picture painted of the corporate world by specialist financial media is often far from rosy.

Many financial journalists recognize corporate performance as being a multi-dimensional concept. Whereas some unquestionably see their own remit as centered purely around providing investment information, others, especially those addressing more generalist audiences, interpret their role more broadly. Those in the latter category are, to some extent at least, trying to cater to the fundamental shared appetites that audiences have for a more rounded knowledge of the world around them, including in respect of the economy and financial markets.

Financial journalism does, therefore, at least sometimes turn a critical gaze towards aspects and consequences of how business is conducted that extend beyond the concerns of investors. Entertaining stories about superhero CEOs, boardroom coups and unwarranted salary increases form part of this fare. So too do more weighty news items examining corporate governance, employment practice, regional development, consumer and environmental issues. One business news editor explains:

‘There are a lot of business reporters in print and in TV as well who allow themselves to take the line of least resistance and whose journalism will reflect being pushed and pulled by different corporate interests. But there are other interests trying to make their voices heard and that do get heard in the [business] media. TV manages it sometimes and print manages it a lot of the time very well. They include academics who we bring in to comment on economic, financial and political and other news we cover. Interest groups like environmental groups. Consumer representatives. And a lot of times we are responding to and seeking to get the input of groups that are speaking *against* the message that the corporate world is giving. For example, stories reflecting doubts about how much integrity there is within drug companies resisting revealing the results of their research when it may prove detrimental to the fortunes of their own drugs being sold. So, I think a lot of my colleagues are aware that are alternatives to the lines being peddled by companies. There are definitely examples where those other voices get to be heard in the debate about whatever is the business story of the day.’

The claim that financial journalism is captured by business interests is not necessarily to do with the tenor of individual news items so much as about how coverage as a whole is framed

and the sorts of values it serves to reinforce. For instance the weight given to ‘City opinion’ may be seen as reinforcing norms such as ‘the market knows best’. A frequent criticism is that financial journalism involves little or no ambition to challenge or step outside the parameters of pro-market and pro-capitalist thinking.

Of course, from an investment point of view, market sentiment is an important consideration since, irrespective of whether it is correctly informed, it remains a key determinant of valuations for investment instruments. So, reportage which accurately discerns, interprets and reports on moods and movements within financial markets will find prominence because it is of value and interest to those looking to media for guidance about investment. In addition, financial journalism must itself be recognized as an active agent within market systems since its purposes include not only describing developments and responses to events but also, to a greater or lesser extent, reporters also play a role in actually informing, correcting and shaping prevailing currents of market opinion. According to a financial features writer:

‘You’re reflecting City opinion and you’re also hoping to influence it.’

Even so, it is possible to draw a distinction between describing or seeking to inform market behaviour and, on the other hand, being disposed to advocate markets as the best system for allocating resources. Several reporters questioned in the course of this research readily acknowledge that passivity in relation to pro-market ideologies is fairly characteristic of the sector. How this compares with the approach of journalists elsewhere and in the mainstream of news reporting are interesting questions that deserves attention in future research. Certainly, the evidence of this study indicates that many financial journalists in the UK feel no compulsion to challenge prevailing values and norms and do not see this as part of their own role. Some, however, are conscious that the merits of a market economy model may be debatable and, in addition, are ready to challenge ‘rash assumptions’ about shared values:

‘Recently I was working on a show and the producer (whose job generally includes crafting headlines for the show) had written about an East Asian country where the government was prepared to enact the reforms required to meet WTO³ membership. She’d written in a headline: “*A step in the right direction for [country x]*”. I pointed out to her that this, in itself, was a politically loaded judgement – to say that this step towards WTO membership is in the ‘right’ direction - and we ought to be aware that in fact there may be people who would disagree that a step towards the WTO (and towards embracing a market economy system and a sort of US-based model of economics and, in some sense, politics) was a step in the right direction for that country. And she agreed that that was not an assumption that we should embody in the way we write about it.

There is a tendency in our media to cover economic stories as if there is no other position to take on how economies are run other than the market-economy system. Whereas, in actual fact, there are countries right around the world that take a very different view on that, from Venezuela through to North Korea. And it’s not really our job to make an assumption that one should be trumpeted over another.’

Explicit dissent from pro-market thinking may be rare in financial journalism but an awareness of the need to avoid reproducing and reinforcing prevailing value systems is not altogether untypical. Many are comfortable with prevailing news values and accepted parameters for discussion of financial and economic news but some are not. A degree of pragmatism is commonplace - confinement is an acknowledged by-product of organizational and commercial pressures governing daily news production. According to one economics correspondent:

‘We operate within a system. We are critical of certain things within the system but we never challenge the parameters of the system as a whole. In terms of economic development, we write about, say, whether countries have been successful in reducing their debt level but we don’t ask why we have a system whereby countries have debts in the first place. We don’t challenge – but I’m afraid that’s the deal. If I wanted to be a campaigner I wouldn’t be here .. [and wouldn’t have this platform]. I’m aware of this and sometimes it is frustrating but, on the other hand, I still think we do a good job in terms of highlighting certain things. We are not campaigning but we are working within the constraints of reality.’

Financial reporters, like those in any other sector, are subject to the ‘constraints of reality’ – the guiding confines embodied by, for example, assumptions about newsworthiness and what readers want or about appropriate presentational formats or standard practices for newsgathering - that make production of news on a daily basis a more possible task. As previous research has indicated, shared conventions about newsworthiness, while helping to transform ‘difficult decisions into routine choices’, also serve to minimize the role that the preferences and judgements of individual journalists might otherwise play (Tiffen, 1989: 66-7). That this is ‘the deal’ may be widely accepted. But institutionalised routines and shared norms do not altogether extinguish the ambition and possibility for individuals to ‘highlight certain things’ and, in so doing, to re-shape accepted contours for public discourse about finance and the economy.

Conclusions

This exploratory study of financial journalism has centered around the question of where reporters get their ideas for stories from. The answer, in most cases, is that a few ideas are self-generated thanks to coming across an interesting piece of information or a trend or discrepancy from a trend but the majority of ideas considered newsworthy will be drawn from the routine flow of corporate and economic news releases and through ‘cribbing’ from other media. Not surprisingly, one of the main drivers underlying choice of stories is the perceived interests of audiences. On this account, a fairly sharp contrast is discernable within financial news coverage. News selection within outlets that are primarily concerned with servicing the informational needs of investors is governed by a relatively clear shared understanding of what is newsworthy – i.e. issues with potential to impact on the landscape for investment. For business segments within mainstream media, conceptions about newsworthiness are more fluid.

Financial news selection decisions within mainstream media are strongly determined by the need not to lose the interest of lay audiences. So, although news choices tend to reflect a general aim to keep audiences abreast of significant developments in the realm of business and the economy, the emphasis of what is judged newsworthy differs from specialist publications in at least two important respects. First, attention is focused primarily and in some cases almost exclusively on large corporate names, well recognised brands and, in economic news, on a handful of topics perceived to be understood by and of interest to the public at large. Second, in terms of points of engagement offered to audiences, a somewhat more varied range of concerns and issues may find representation and, in particular, entertainment is likely to feature far more strongly. Indeed, so-called financial and business news is, in some cases, so centered around personal dramas (e.g. the struggles and showdowns of ailing or arrogant CEOs or the anguish of fans in relation to acquisition of UK sports clubs by foreigners) it is difficult to be sure whether what is being offered is financial news in the guise of entertainment or vice versa.

Financial journalism is sometimes stereotyped as involving a pro-corporate bias, as though choices made about the content and framing of financial news are governed by a deliberate wish to portray corporations and their activities in a positive light. This conception is flawed. In covering corporate news, financial reporters tend to be extremely sceptical in their approach to how reliably companies account for themselves. Indeed, some journalists see corporate reportage as prone to favour negative over positive news – a point which reinforces findings highlighted in earlier research work (Tumber, 1993). Stories of competent management and stable performance, because they are unexceptional, are likely to be underplayed whereas much attention is focused on instances of corporate crisis or perceived failure.

Financial journalists are generally highly attuned to the requirement within their profession for a high degree of independence and scepticism. Most regard it as a primary duty, in the words of one financial news editor, ‘not to let the people who are trying to pull the wool over our eyes get away with it’. Of course, the limitations of research which is highly ‘media centric’ in its approach (Schlesinger, 1990) – in this case, focusing on journalists’ perceptions of their own independence – must be acknowledged. Further more broad-ranging analysis of source-media relations in the field of financial journalism, to add to valuable work already carried out by Davis (2002) in respect of financial PR, offers a useful direction for future research.

A reliance on ‘experts’ to help explain and interpret news developments is prevalent within financial and economic news coverage. Whilst reliance on experts is not peculiar to this sector of journalism, the nature of the expertise being called upon is distinctive in various respects. The opinions of equities analysts, for example, are frequently drawn on for assistance with evaluation of corporate investment prospects. The presence of analysts denotes a realm in which specialist knowledge is highly valued. This factor is not entirely unproblematic in its implications for financial media.

Driven and supported by the needs of the professional investment community, it is analysts – not journalists - who predominate as the main repositories of expert knowledge about the true underlying state of financial health of listed companies and about the significance of unfolding events in the realms of economics and finance. Without excusing journalists from their professional responsibilities to carry out thorough and probing analysis, it is worth noting that the position that reporters occupy within the wider informational hierarchy does not strengthen the likelihood of media breaking news stories such as Enron that hinge on in-depth financial analysis. Nor, in this respect, are financial journalists helped by constraints over the time and resources available to support pro-active investigative reporting - a subject for complaint by one and all. Further research work that examines and compares opportunities or incentives to carry out investigative financial journalism not only in the UK but elsewhere too would be valuable, given the increasing tendency towards competition at an international level amongst financial and business news providers.

Nonetheless, the independence, intelligence and high level of critical expertise that many financial journalists bring to their coverage of events must be seen as major strengths that reinforce an enduring and, by and large, deserved reputation for strong standards of professionalism in this sector (Parsons, 1989). Financial journalism aimed at specialist audiences, while confined in its overarching purpose, frequently offers coverage of events that when compared with other news media is quite exceptional in the ambition of its analytical depth and range. Financial news segments within mainstream media, in deference to the perceived resistance of lay audiences to technical analysis, do not share the same ambitions but nonetheless contribute to an increasingly rich and varied infrastructure of news provision via which the public at large now enjoys ready access to commentary about all major financial and economic developments.

Financial journalists are not oblivious to their own power to shape the way that news events are accounted for. Notably, however, most spoken to in the course of this study would not immediately recognise their role as embodying any broad public responsibilities. Some refer to the ‘watchdog’ role reporters play in relation to corporate behaviour. Others express a sense of duty to get at the truth – to avoid being manipulated by corporate or other sources and, within economic reporting, to try to provide objective reportage on politically sensitive issues. One or two suggest they might feel differently on this question if they worked for the BBC.

A burning desire to facilitate an improved grasp on the part of the general public over business and economic issues does not appear to factor highly in the conscious understanding financial journalists in the commercial sector have of what purposes their professional activities serve. The need for comprehensible exposition of any given story is, of course, well recognized. But this is not the same as an active sense of responsibility in relation to bringing about a citizenry that is widely informed as to the meaning and significance of business and economic events.

Previous research has emphasized the importance of audience’s ability to comprehend economic news. A good grasp of the workings of the economy and of how it is or ought to

be managed is needed by the public in order to make an ‘informed appraisal of politicians and government actions upon which the democratic process depends’ (Goddard, Corner, Gavin and Richardson, 1998: 33). The secrets and implications of how businesses create wealth are of concern to all rather than a few. Be that as it may, the findings of this initial survey suggest that financial journalists, at least in the commercial sector (which is where the activity is predominantly located), are largely unaware of responsibilities they might perform in relation to civic empowerment and democracy.

Moreover, this research has found that the way that the sector is organised means that the task of securing a sound public understanding of financial and economic news issues is overlooked because, in a sense, it falls between two stools. Financial media that provide comprehensive and in-depth coverage are aimed at audiences who are already knowledgeable about business and the economy and whose interests are typically professionally driven. On the other hand, segments devoted to business news within mainstream media, fearful of deterring lay audiences, are generally unable to do penetrating and forensic analysis of economic and financial news events. Commercially-led financial news production, as currently orientated, is not really designed for and is unlikely to succeed in any public educational role.

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¹ Following on from irregularities in accounting which had earlier allowed operating profits to be artificially inflated, US-based energy trading company Enron was forced to disclose losses in the order of \$1bn in October 2001. The uncovering of financial malpractice within Enron precipitated the largest bankruptcy in US history with major losses for investors and several legal actions taken against the company's senior executives and its auditors, accounting firm Arthur Andersen.

² A series of semi-structured and unstructured interviews were carried out with financial journalists currently or previously employed by the *Financial Times(FT)*, the *Sunday Times*, the *Telegraph*, *Investors Chronicle (IC)* and *CNN* in March and April 2005.

³ World Trade Organisation.