

Outsourcing the Western Media

Outsourcing is journalism's newest labor issue, with hundreds of Reuters jobs moving to India by 2006. News agencies see it as cutting costs, but journalist organizations question the quality.

By Ron Chepesiuk

Some 25 members of the Newspaper Guild of New York gathered in the rain outside the Reuters office in Times Square on Oct. 19. The members set up a picket line and chanted, "One, two, three, four, no more jobs to Bangalore!" and "Hey, hey, whatyasay, keep our jobs in the U.S.A." The picketers, members of the guild, Local 31003 of the Communications Workers of America, had worked as Reuters employees without a new contract for two years and were taking action against the latest trend in journalism employment – outsourcing.

Journalists have written for years about outsourcing, or offshoring, and how it affects workers in manufacturing and professional fields. However in 2004, Reuters, a multimedia news agency and leading source of breaking news, stock quotes and other global business data, made journalism jobs part of the outsourcing story when it became the first major news organization to try to cover developments on Wall Street from India.

The picket line in October was one of the recent skirmishes in an increasingly bitter dispute between Reuters and its employees over job security. Reuters' move is part of a major shift in its operations from its Western base to India. By the end of 2005, Reuters' Bangalore office will employ 1,000 workers and by mid-2006 that figure is expected to increase to between 1,200 and 1,800 workers, or approximately 10 percent of the company's work force.

About 50 of the jobs will be editing and writing, Reuters has said. The rest will be extracting basic financial information from company news releases and quarterly earnings reports. The news service is also planning to move its photo editing desks in Canada and Washington, D.C., to Singapore.

David Schlesinger, Reuters global managing editor, told the English newspaper *The Independent*: "We [Reuters] will

still have journalists elsewhere doing the value-added stuff. This will free up journalists in the West for value added, such as interviewing." Value added involves work pertaining to intellectual content.

The guild has charged that Reuters' real strategy is to replace its highly skilled workforce in the United States and Canada with low-paid, less experienced journalists from other countries. "Our members

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provide the quality and reliability that the world has come to expect from Reuters," says Barry Lipton, president of the guild in New York. "They are angry at their bosses' disrespect for quality as they slash the company's budget, experiment with remote-control journalism and refuse to offer workers a fair and decent contract."

The Newspaper Guild and other journalist organizations are concerned that Reuters' bold move appears to be part of an emerging trend among Western media companies.

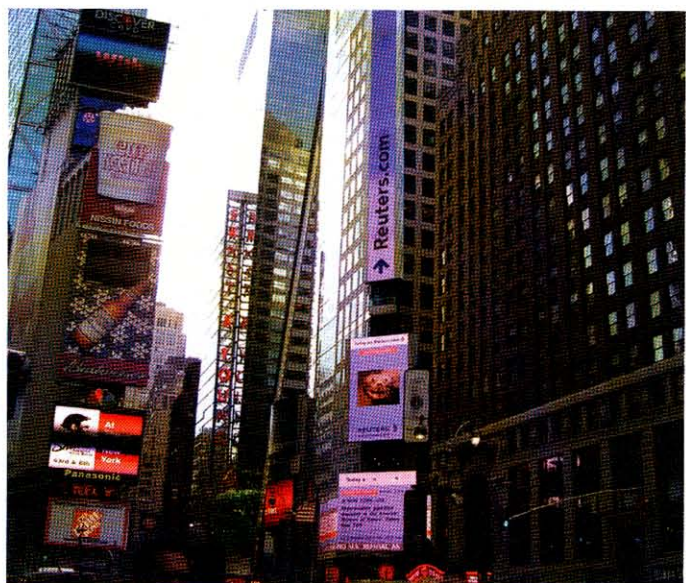
"As the number of media companies continues to shrink, we can expect those multinationals to look for cheaper markets," predicts Magda Abu-Fadil, director of the Institute of Professional Journalists at the Lebanese American University in Beirut. "We should

not expect the media industry to be exempt from the globalization trend."

In early 2004 *Economic Times*, an Indian publication, also reported on outsourcing by media multinationals. Three of the largest – Disney, Bertelsmann and Time Warner – were considering outsourcing part of their information technology and back-office operations to India.

Last fall, the National Writers Union (NWU), an organization based in New York City, in solidarity with other unions, struck back. It launched a campaign to stop the exporting of high-tech and professional jobs from the United States to foreign countries. The union represents about 5,000 journalists and writers residing principally in the United States, and Gerard Colby, president of the NWU says, "Our union is starting to see editorial work that is done generically abroad in countries like India, the Philippines and Malaysia and then sent back to the United States, where it's used by newspaper chains."

The NWU is concerned that offshoring, even when it doesn't represent an immediate risk to writing and journalism



The Reuters building in Times Square was the site of the Newspaper Guild of New York's picket line Oct. 19.

STAFF PHOTO/LIBBY PAGE

jobs, still drives down the pay scale of the jobs remaining stateside and lowers the working conditions of all journalists and writers working in the United States.

"American journalists shouldn't delude themselves into thinking that their jobs will be safe," Colby warns. "The people of India to whom journalistic work is starting to be outsourced are well educated; in fact, they claim to know better English than we do. I know journalists and writers abroad who are just as professional and proficient as their American colleagues and who are willing to work for much less. They might not understand the (English) idiom, but an editor on our side of the ocean can easily correct their work. So, for their own survival, American journalists need to wake up and take an interest in the off-shoring issue."

But can outsourcing operations to a developing country like India really work for a Western media company? Whenever the magazine *Business 2.0* publishes articles about the benefits of outsourcing, it invariably receives letters from readers who warn that soon journalists too will get outsourced. So in 2004 the publication decided to see what would happen if it outsourced a section of the magazine to India. *Business 2.0* hired an editor from India who in turn hired a temporary staff of freelance journalists. The section turned out fine and cost half of the normal price.

"In my lifetime, outsourcing is not going threaten my profession," Josh Quittner, *Business 2.0's* editor told USA Today.com. "But someday technology will be sufficiently advanced so that it might."

Lipton worries about what he sees as "creeping outsourcing," the slow spreading of outsourcing to more and more areas. In the case of Reuters, it first reassured the guild that its Bangalore staff would only report on small businesses that aren't covered in the United States. Within a month, however, Reuters announced its intention to have its journalists in Bangalore produce earnings tables for large companies and conduct equities and treasury related polling, work that guild members currently do. Next, Reuters announced that its employees in Bangalore would begin writing stories from press releases and breaking news and reporting some Securities and Exchange Commission filings, also work guild members currently do.

"Reuters is now attempting to do the Daybook, which provides its customers with detailed schedules of noteworthy events in Washington, D.C.," Lipton says. "How can someone not familiar with the political

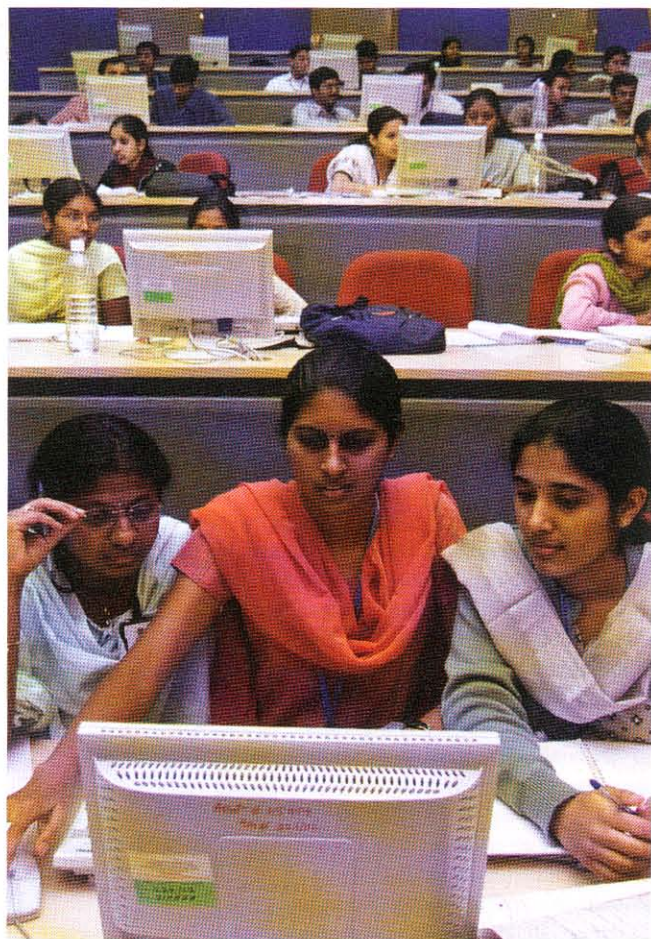
and social structure of Washington, D.C., put together a Daybook? Reuters has not been truthful with the guild or its clients when it said that its outsourcing activities were going to be very limited."

Lipton believes Reuters customers will get wise, complain or take their business elsewhere when they realize what Reuters is doing. "Reuters clients will be upset about the quality and validity of the product they're buying," Lipton explained. Stephen Naru, a Reuters spokesman, says company officials were unavailable for comment because "they were busy with the end of the budget cycle."

Both the NWU and the Newspaper Guild of New York believe it's important to organize and develop alliances with other journalist organizations and with other unions and groups that share their concerns about outsourcing.

The guild expressed its position again on Jan. 13 when more than 350 guild members and Reuters editorial employees protested Reuters' outsourcing policy with a one-day strike. They withheld their bylines and credits from their work. In solidarity with the guild, members of the Canadian Media Guild also withheld their bylines, while leaders of London's National Union of Journalists, which represents Reuters workers, expressed their deepest support for the guild's action. "An international movement of journalists to fight outsourcing makes a lot of sense," Lipton says.

Colby said the NWU believes it's important to organize alliances not only with other journalist organizations but also with unions representing workers in the publishing industry, such as those who work for printing companies. The union has been involved with the Graphic Communications International Union's attempt to organize works at Quebecor World, the world's largest commercial printer with 38,000 employees at 160 plants in 17 countries.



AP PHOTO/GAUTAM SINGH

India is a popular choice for a growing number of Western companies seeking cheaper labor markets. By the end of the year, Reuters' Bangalore office will employ 1,000 workers.

"Many of the Quebecor World workers in the United States are African-Americans, mainly from Tennessee, Kentucky and Mississippi, and they are working in Third-World conditions," Colby says. "We are in serious talks with writer and journalism groups from foreign countries about organizing an international writers federation that can help develop common strategies to protect our interests."

Neither Colby nor Lipton believes that journalism groups will be able to reverse the outsourcing trend, but they do hope to slow it down. "We intend to use every possible strategy to stop Reuters from taking steps that harm both its workers and the quality of its services," Lipton says. ■



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