

MANAGEMENT & CAREERS

Executives Rethink Social-Media Policies After China Dust-Up

Companies set the rules when it comes to public expression by corporate executives



A Chinese flag placed on merchandise in an NBA retail store in Beijing last week. A Houston Rockets executive's tweet, now deleted, infuriated the government in Beijing and jeopardized the league's plans for expansion in China. PHOTO: KEVIN FRAYER/GETTY IMAGES

By Rachel Feintzeig and Lauren Weber

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Chief executives are taking vocal stands on issues like gun control, climate change and immigration, but global affairs bring a different complexity and calculation, especially for companies doing business in China.

In the aftermath of Houston Rockets general manager Daryl Morey's now-deleted tweet, the National Basketball Association has found the consequences of even implicitly criticizing Chinese policy can be swift and sizable.

The NBA isn't the only organization that has run afoul of the Chinese government. Apple Inc. and Alphabet Inc. [GOOG 1.31% ▲](#)'s Google both recently removed apps associated with Hong Kong's antigovernment protests from their digital stores after taking heat from Chinese officials.

Executives have to thread a needle when a company's commercial and financial interests clash with the CEO's personal values and the cultural values of an enterprise and its home country, said Jeffrey Sonnenfeld, a leadership expert at the Yale School of Management. "One of the rarely discussed downsides of globalization is you get caught in those crosscurrents," he said.

Yet CEOs are under pressure to be visible on social and political issues, evidenced in part by a statement released in August by the Business Roundtable. The group, which represents some of America's biggest companies, redefined its view on the purpose of a corporation. It said executives should make business decisions based on the interests of multiple stakeholders—including employees, customers and society writ large—rather than focus only on profits for investors.

When it comes to public expression, companies set the rules.



An antigovernment protester blocked a road outside the Apple store in Hong Kong during clashes with police on Oct. 1. Apple has removed an app associated with the protests from its digital store. PHOTO: CHRIS MCGRATH/GETTY IMAGES

"Free speech only exists if you're in a government position," says Doug Smith, managing principal of the Pittsburgh office of law firm Jackson Lewis.

There are some exceptions. Workers can raise concerns about safety and working conditions, for example, but bosses aren't covered by that protection.

When it comes to policing speech, "you can actually be a little more stringent with manager levels and above," Mr. Smith said.

"They're the face of the company," he added. "How does the CEO say, 'I'm saying this but it has nothing to do with my role running the company?'"

More companies in the past two years have started bolstering their executive contracts with an eye to social media, Mr. Smith said. They have incorporated clauses giving them more leeway to fire executives for posting something inappropriate online, including a provision saying the employer is allowed to terminate an executive if she or he does something likely to hurt the company's reputation or operations.

A couple of clients have specifically laid out social-media rules in employment contracts, Mr. Smith said, in some cases specifying that executives have to run posts by a company gatekeeper.

Paul Argenti, a professor of corporate communication at Dartmouth College's Tuck School of Business, said corporate leaders are in a tricky spot. "Are you going to be okay when your company loses sales because of what you said?" he said.

Mr. Argenti, in his consulting work, counsels executives to stay mum on topics that aren't core to their businesses.

"The job of a CEO is not to save the world or make the world safe for democracy," he said. Corporate leaders should speak on issues that matter to their companies, like climate change for an oil company or pesticides for an agriculture business, he said. Other than that, they should stand down.

Rick Wartzman, a director at the Drucker Institute, an organization focused on leadership and management, sees another risk coming from the attention surrounding social-media posts. The fracas sparked by ephemeral statements can distract from more substantive questions of social responsibility, he said.

"What concerns me is whether statements, while important, become a substitute for the more meaningful work around what it means to be a responsible company and take care of all your stakeholders," he said.

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