

McDonald's CEO Fired over Relationship with Employee

November 6, 2019

This past weekend, McDonald's Corporation announced that Steve Easterbrook had been ousted as its president and chief executive, after its board of directors determined that Mr. Easterbrook violated company policy and "demonstrated poor judgment" by engaging in a consensual relationship with an employee. The company's [standards of business conduct](#) prohibit employees who have "a direct or indirect reporting relationship" from "dating or having a sexual relationship." The company's board met last Friday and voted to fire Mr. Easterbrook after an investigation of his relationship with the employee. In an email Mr. Easterbrook sent to employees discussing his departure, he admitted the relationship was a "mistake" and expressed agreement with the board's decision "given the values of the company." The board's decision to fire Mr. Easterbrook is especially remarkable because he has been widely credited with the financial success of the company since he became chief executive in 2015.

Workplace Dating Policies

In recent years, an increasing number of employers have adopted formal and informal policies addressing office romances between supervisors and lower-level employees, a sign that corporate leaders are beginning to take seriously the power dynamics inherent to such relationships. As [Debra Katz](#), recently explained to the [New York Times](#), "Companies in the aftermath of #MeToo have really understood that there's an inherent power differential and what's perceived to be consensual in the eyes of the executive may not be with the subordinate." In the wake of the #MeToo movement, a [July 2018 employer survey](#) conducted by executive coaching firm Challenger, Gray & Christmas, Inc. found an increase in the number of companies that discouraged dating between a subordinate and a manager up from 70% in January 2018 to 78% in June 2018. The survey also reported that in June 2018, nearly a quarter of companies required employees to disclose all relationships to the company, as compared to 17% in January 2018.

McDonald's Track Record of Sexual Harassment Complaints

Mr. Easterbrook's firing comes amid widespread allegations of [sexual harassment](#) in the restaurant industry. As many as 90% of women in the restaurant industry have experienced some form of sexual harassment according to a report published by [Restaurant Opportunities Centers United](#). A [2016 survey](#) found that 42% of women in the fast food industry feel forced to accept the abuse because they cannot afford to lose their jobs. In 2018, McDonald's employees in 10 cities went on strike to protest the company's failure to adequately address complaints of sexual harassment, abuse, and [retaliation](#) at McDonald's restaurants. This past spring, 25 sexual harassment charges and lawsuits were filed against the company, alleging

sexual harassment in the corporation as well as its chain of restaurants. At that time, the [Washington Post](#) reported that 50 complaints alleging sexual harassment had been filed against McDonald's since 2016.

Power Dynamics in the Workplace

Although McDonald's has reported that Mr. Easterbrook engaged in a consensual relationship with the unnamed employee, workplace relationships between superiors and subordinates can cause legal problems for businesses. [Research studies](#) indicate that people in positions of power often do not understand the influence they wield over others and have difficulty recognizing when another person feels compelled to go along with their requests. What might otherwise be perceived as a harmless office romance could expose an employer to legal liability if the subordinate is actually uncomfortable with the situation. *See, e.g., Meritor Sav. Bank, FSB v. Vinson*, 477 U.S. 57, 59 (1986) (sexual harassment claim where employee agreed to sexual relationship with supervisor out of "fear of losing her job"). Even if the relationship is consensual in the beginning, it can later become a problem for employers if the relationship sours. Employers can minimize the power dynamics that could lead to the abuse of a superior's position by adopting clear workplace dating policies, which may include certain disclosure requirements or a strict prohibition of such relationships as in McDonald's company policy.