

VIŠJA STROKOVNA ŠOLA ACADEMIA

MARIBOR

**MCDONALD'S BUSINESS IN SLOVENIA:
DURING AND AFTER THE COVID-19
PANDEMIC**

Candidate: Ramneek Singh

Type of study: Part-time student

Study program: Economist

Mentor lecturer: dr. Dušan Mežnar, univ. dipl. inž. el.

Mentor in Company: Dalibor Briševac

Lector: Dr. Tina Balič

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DECLARATION ON THE AUTHORSHIP OF DIPLOMA THESIS

Signed, Ramneek Singh, am the author of the diploma thesis titled "McDonald's Business in Slovenia: During and after the Covid-19 Pandemic", which I wrote under the mentorship of dr. Dušan Mežnar, univ. dipl. inž. el.

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GRATITUDE/THANKS

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ABSTRACT

The year 2020 has turned the world upside down as an unexpected disaster, the coronavirus epidemic, unfolded, affecting the entire globe. The ways businesses are being conducted and the personal lives of people worldwide underwent profound changes.

The coronavirus epidemic compelled governments, businesses, and individuals to implement measures that aided in halting the spread of the virus.

The thesis explores how McDonald's faced new challenges during the years 2020, 2021, and 2022. I began working at McDonald's as a student in 2020 and today I work there permanently. The research will involve utilising data available on the internet and conducting interviews with key individuals, responsible for McDonald's operations, particularly within the branch where I am employed.

McDonald's was founded in California, United States, on April 15, 1955. The first McDonald's restaurant in Slovenia opened 38 years after the inauguration of the initial restaurant in the US. Thus, the first McDonald's in Slovenia opened in 1993 on Čopova Street in Ljubljana, and the company has experienced continuous growth since then.

The Covid-19 pandemic introduced new challenges to this stable American franchise, and its restaurants worldwide had to navigate new business regulations imposed by the pandemic; this was also the case in Slovenia. This thesis will delve into how McDonald's franchise in Slovenia addressed the issues arising from the challenges posed by the coronavirus.

McDonald's has implemented various safety measures to protect its employees and customers, such as requiring employees to wear face masks and gloves, installing plexiglass barriers at the counters, and increasing the frequency of cleaning and sanitisation. In this thesis, my focus will be on examining how McDonald's has tackled the new challenges presented to them by the year 2020.

This thesis comprises several parts. Initially, in the introduction, I will outline the hypotheses I have formulated and provide a brief explanation of each. In the main part of the diploma thesis, I will endeavor to validate these hypotheses by attempting to confirm or disprove them. Finally,

in the conclusion, I will summarise the findings and offer a conclusion regarding the validity of my hypotheses.

Key words: McDonald's, coronavirus epidemic, franchise system, Slovenia, business

POVZETEK

“Poslovanje McDonald’sa v Sloveniji med in po pandemiji covid-a-19”

Leto 2020 je svet obrnilo na glavo. Zgodila se je nepričakovana katastrofa, ki je prizadela ves svet – epidemija koronavirusa. Tako način poslovanja kot tudi osebno življenje ljudi po vsem svetu se je korenito spremenilo.

Epidemija koronavirusa je prisilila vlade, podjetja in ljudi, da so sprejeli ukrepe za zarezitev širjenja epidemije koronavirusa.

Tema diplomske naloge je, kako se je McDonald’s spopadal z novimi izzivi v letih 2020, 2021 in 2022. V McDonald’su sem začel delati kot študent leta 2020, sedaj pa sem tam zaposlen za nedoločen čas. V diplomski nalogi bom uporabil podatke, ki so dostopni na internetu, ter intervjuval ključne osebe, odgovorne za poslovanje McDonald’s, kjer delam.

McDonald’s je bil ustanovljen v Kaliforniji v Združenih državah Amerike 15. aprila 1955. V Sloveniji so prvo restavracijo McDonald’s odprli 38 let po ustanovitvi prve restavracije v ZDA. Dejstvo je torej, da je bil prvi McDonald’s odprt leta 1993 na Čopovi ulici v Ljubljani in od takrat naprej podjetje neprestano raste.

Pandemija koronavirusa je vnesla nove izzive v to stabilno ameriško franšizo; McDonald’sove restavracije po celi svetu so se borile z novimi pravili poslovanja, ki jih je prinesla epidemija koronavirusa – tako je bilo tudi v Sloveniji. Diplomsko delo bo razložilo, kako se je franšiza McDonald’s v Sloveniji borila s težavami, ki jih je prinesel koronavirus.

McDonald’s je uvedel različne varnostne ukrepe za zaščito svojih zaposlenih in strank, kot je na primer zahteva, da zaposleni nosijo obrazne zaščitne maske in rokavice, namestitev pregrad iz pleksi stekla na pultih ter pogostejše čiščenje in razkuževanje. Zato se bom v tem diplomskem delu poskušal osredotočiti na to, kako se je McDonald’s soočil z novimi težavami, ki jih je leto 2020 prineslo.

V uvodu tega diplomskega dela bom pojasnil, katere hipoteze sem zastavil. V osrednjem delu bom skušal dokazati veljavnost zastavljenih hipotez; na kratko jih bom potrdil ali ovrgel. V zaključku bom podal povzetek hipotez.

Ključne besede: McDonalds, epidemija koronavirusa, franšizni sistem, Slovenija, poslovanje

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1. INTRODUCTION

1.1. Description of the area, definition of the problem and purpose of the thesis

In the introduction of this thesis, I will present the hypotheses I have formulated and provide a brief explanation of each. In the main body of the thesis, I will endeavor to demonstrate the validity of these hypotheses by either confirming or disproving them. Finally, in the conclusion, I will summarise the results of my research and provide a conclusion regarding the hypotheses.

This thesis will concentrate on the business operations of one of the largest chain restaurants. In the initial section, I will provide a brief overview of the franchise system's history, the history of McDonald's in Slovenia, encompassing their core business and the initiation of operations in Slovenia. However, the key aspect will be the verification of the three hypotheses related to the thesis.

The year 2020 brought unexpected challenges that have turned the world upside down. The coronavirus epidemic spread quickly, affecting people's personal lives and businesses around the world. Governments, businesses, and individuals were forced to take measures to help stop the spread of the virus.

In this thesis, I will examine how McDonald's dealt with these challenges during the years 2020, 2021, and 2022. I have been working at McDonald's since 2020, starting as a student and now as a permanent employee. To collect data for this thesis, I will utilise information available on the internet, along with interviews with key personnel, responsible for McDonald's operation at my work location.

My first hypothesis is: The COVID-19 pandemic has significantly adversely affected McDonald's operations in Slovenia.

My second hypothesis is: The COVID-19 pandemic has had a positive impact on McDonald's cooperation with local businesses.

My third hypothesis is: The utilisation of new technologies in McDonald's will not result in a decrease in the number of employees.

1.2. Purpose, objectives and basic claims of the study

The purpose of this study is to examine the impact of the COVID-19 pandemic on McDonald's operations in Slovenia. The research aims to assess how the pandemic has affected the company's performance, cooperation with local businesses, and the potential implications of adopting new technologies on the number of employees.

The main objectives of this thesis are to analyse the extent of the COVID-19 pandemic's impact on McDonald's operations in Slovenia and to research the changes in McDonald's cooperation with local businesses during and after the COVID-19 pandemic. Additionally, I am focusing on exploring the potential effects of implementing new technologies on the workforce size at McDonald's in Slovenia.

Overall, this research seeks to provide valuable insights into the challenges and opportunities that McDonald's has encountered in Slovenia during the COVID-19 pandemic. It aims to shed light on the company's adaptability and resilience in the face of unprecedented circumstances, particularly in regards to its operations, local partnerships, and technological advancements.

In this thesis, we will be exploring the following hypothesis:

- Hypothesis 1:**

The COVID-19 pandemic has significantly adversely affected McDonald's operations in Slovenia.

- Hypothesis 2:**

The COVID-19 pandemic has had a positive impact on McDonald's cooperation with local businesses.

- Hypothesis 3:**

The utilisation of new technologies in McDonald's will not result in a decrease in the number of employees.

1.3. Assumptions and restrictions of the study

This research assumes that the data used for the study, including financial reports, sales figures, and operational data, reliably and accurately reflect McDonald's business performance and operations in Slovenia during and after the COVID-19 pandemic. Also, all data collection and the analysis will be conducted in line with ethical guidelines and standards.

The assumptions are based on the relevance of the proposed hypotheses to the research topic. The study assumes that these hypotheses will provide valuable insights into the impact of the COVID-19 pandemic on McDonald's business in Slovenia.

While the research will primarily focus on the impact of the COVID-19 pandemic, it also acknowledges that other external factors, such as changes to the economic environment, consumer behavior, or regulatory landscape, could have influenced McDonald's business in Slovenia during the same period. Also, the data availability might be restricted in certain areas, particularly for post-pandemic periods. Some relevant data may not be accessible due to privacy concerns or proprietary limitations.

Findings from the study will be specific to McDonald's operations in Slovenia and may not be directly applicable to other countries or regions. Cultural, regulatory, and market differences can affect outcomes in other contexts.

1.4. Used research methods

In this thesis, we will employ quantitative data to investigate the set hypotheses. This method is commonly utilised in the field of sciences. I will gather data from various sources, including the internet, published articles, books, as well as through interviews with my company mentor at McDonald's.

Qualitative studies use methods including in-depth interviews, focus groups, and observations to collect non-numerical data. Open-ended inquiries are frequently posed. This produces thorough, descriptive results. The subjectivity of qualitative research makes them useful to examine social and cultural processes that are challenging to measure. The sphere of the humanities and social sciences (HSS) is where qualitative investigations are most frequently applied (Sutton, 2015).

Qualitative research is useful in this study because it allows us to explore the complexities of the individuals' experiences and perspectives in specific context. By using qualitative methods, we are able to collect data through interviews, observations, and other sources to gain a deeper understanding of the topic.

For me, the biggest challenge was obtaining relevant sources of information. The internet is full of various information that may not necessarily be correct. When writing this thesis, the biggest challenge for me therefore was checking the accuracy of the information I found on the internet.

Another issue was that some of the information McDonald's considers confidential. On the other hand, McDonald's restaurants are world-famous, and there is a wealth of research and books that have assisted me in writing this thesis.

Also, as I mentioned at the beginning, I am a full-time employee at a McDonald's restaurant, therefore it was at times challenging to strike a balance between presenting facts and conveying my personal impressions, which lack evidential support and are purely subjective. I made an effort to verify each fact presented in this thesis by consulting reliable sources and reviewing relevant literature.

2. MCDONALD'S BRAND AROUND THE WORLD AND IN SLOVENIA

According to the main information published on McDonald's main webpage mcdonalds.com, the history of McDonald's restaurants began in early 1950's when the first McDonald's restaurant was opened. The birth of McDonald's® began with Raymond Albert Kroc.

As it is written on their webpage, "Ray Kroc was the exclusive distributor of a milk shake maker called the Multimixer. Meanwhile, two brothers, Richard and Maurice McDonald, owned and ran a hamburger restaurant in San Bernadino, California, in the 1950's. Ray Kroc heard how well the McDonald brothers were doing using his Multimixers to serve their customers. He met up with them and acquired the franchising right from them to run McDonald's® restaurants. (...) In 1955, Ray Kroc founded the McDonald's® Corporation and opened the first restaurant in Des Plaines, Illinois. In 1961, he bought out the McDonald brothers. And the rest, as they say, is history. McDonald's® grew into the largest restaurant organisation in the world" (mcdonalds.com, 2022).

However, this data differs from other information available on the internet. For instance, a widely used source, Encyclopaedia Britannica, states that the first McDonald's restaurant was opened in 1940, at the beginning of the First World War: "The first McDonald's restaurant was opened in 1940 by brothers Maurice ("Mac") and Richard McDonald in San Bernardino, California. It originally was a drive-in that offered a wide selection of items. However, in 1948 the brothers decided to revamp the business, and after a three-month renovation, a newly envisioned McDonald's opened" (Britannica.com, 2023).

However, in the year 2021, McDonald's operated in more than 119 countries and had over 33,000 restaurants worldwide (mcdonalds.com, 2022). It is difficult to estimate exactly how many people know McDonald's, as the brand is well-known globally and has a wide reach. The company serves millions of customers every day, and the brand has been around for over 80 years. It is safe to say that McDonald's is a very well-known and recognised brand around the world.

McDonald's most famous fast food are their hamburgers, cheeseburgers, and French fries. The Big Mac and French fries are probably two of their most well-known licensed menu items.

According to official data, Slovenia got the first McDonald's restaurant in 1993 (McDonalds.si, 2022). The company has further expanded since the first McDonald's in Ljubljana on Čopova Street opened in 1993. McDonald's has locations all over Slovenia, making it the biggest restaurant chain in Slovenia, and they were successful in doing so incredibly swiftly.

There are currently 22 restaurants in Slovenia: Ljubljana (7), Maribor (4), Celje (2), Kranj, Velenje, Koper, Novo mesto, Domžale, Ptuj, Nova Gorica, Murska Sobota, Lesce (1). Four have been closed to date (McDonalds.si, 2022). In the neighbouring countries, Croatia has 25 restaurants, Austria has 189 restaurants, Italy has more than 530, and Hungary has 100 restaurants. According to Slovenia's population of 2,108,732 people (2022 census), there is approximately one McDonald's restaurant for every 95,851 citizens. In comparison, in Croatia, there is one restaurant for every 154,873 citizens.

According to my perspective, McDonald's franchise does not have real competitors in Slovenia. In line with my internet research, the primary franchise competition for McDonald's includes Subway and Kentucky Fried Chicken (KFC).

Even though KFC was, according to the source and Picture 1 in this thesis, the biggest franchise system in the world (Entrepreneur.com, 2022), this is not valid for Slovenia. KFC came to Slovenia in 2017 and to date they have opened just one restaurant (kfc.si, 2023). The restaurant is located outside the second-largest city, called Maribor, in the suburban town of Pesnica pri Mariboru.

It is interesting that they do not have any prime locations in the city centers or shopping malls in Slovenia. The fact is that KFC is a real competitor to McDonald's in Croatia where they have good locations around cities.

The subway franchise entered the Slovenian market in 2013, and to date, they have only four restaurants – three in the capital city of Ljubljana and one in Koper (mysubway.si, 2023).

We also need to consider that real competitors to McDonald's in Slovenia are small fast-food restaurants selling typical Balkan food like čevapčiči and pljeskavice. This food is affordable and cheap, similar to McDonald's food. Such restaurants are spread all over Slovenia and have good locations – you can find them in city centers, shopping malls, and in the suburbs of the cities. Also, interestingly, by visiting the official website www.mcdonalds.si, you cannot find any contact information on how to buy a franchise. For example, their competitors in Slovenia

clearly state this on their websites; from the conditions for buying a franchise to the prices, everything is clearly written on their website. However, this is not the case with the McDonald's website. Through research in the database of Slovenian companies, which is available through the publicly announced network bizi.si, I concluded that there is only one company behind all McDonald's restaurants in Slovenia called Alpe Panon d.o.o. (bizi.si, 2022). This is a little bit unusual for a franchise, because the very logic of a franchise is that different companies buy the idea and the brand and introduce it into the business. For example, real estate franchises such as REMAX, CENTURY 21 or KEREN WILLIAMS operate on this very principle where small and large companies buy a franchise and operate within the established framework.

In short, these franchises are composed of several small companies that bought the rights and the brand, and now operate under one name. While this is not the case with McDonald's, there is a strong company behind it.

Also, in my opinion, fast food is a popular dining option in Slovenia, with a variety of local and international fast food chains available throughout the country. Slovenian cuisine is heavily influenced by its neighboring countries Italy, Austria, and Hungary, which is reflected in the fast food options available. Burgers, pizza, and kebabs are among the most popular fast food options in Slovenia. Additionally, there are local chains such as Hot Horse, which specialises in horse meat burgers, and Mr. Pet, which offers hot dogs and sausages. In recent years, there has been a growing interest in healthier fast food options in Slovenia, with some chains offering vegetarian and vegan options. Some fast food restaurants also source their ingredients locally, which has contributed to the growth of the "slow food" movement in Slovenia.

Fast food is often seen as a convenient and affordable dining option for many Slovenians, especially those with busy lifestyles or limited time. However, there is also a growing concern about the health impacts of consuming fast food regularly. As a result, there has been a push towards healthier options and more transparency in ingredient sourcing and preparation methods.

Overall, fast food is a popular and convenient dining option in Slovenia, with a range of international and local chains available. However, there is also a growing awareness and interest in healthier options and sustainable practices in the fast food industry.

2.1. Franchise system

The primary focus of this thesis should be on the definition of a franchise. According to the portal Investopedia, a franchise is “a type of license that grants a franchisee access to a franchisor's proprietary business knowledge, processes, and trademarks, thus allowing the franchisee to sell a product or service under the franchisor's business name. In exchange for acquiring a franchise, the franchisee usually pays the franchisor an initial start-up fee and annual licensing fees” (Hayes, 2021).

Franchises are a popular way for entrepreneurs to start a business, especially when entering a highly competitive industry such as fast food. Owning a franchise gives you access to a well-known company's brand name, which is a significant benefit. You won't need to invest money in advertising your brand and product to consumers. Expansion is one of the biggest benefits. Franchising allows a business to expand rapidly without the need for large amounts of capital. Franchisees invest in opening and operating their own locations, which allows the franchisor to grow their brand and market share more quickly.

Some benefits of the franchise system, according to my opinion, include consistency, because there are typically detailed operating manuals, training programs, and standardised procedures that franchisees must follow. This helps ensure consistency in product quality, customer service, and overall brand experience across all franchise locations (Anderson, 2023).

Another advantage for a business are lower costs at the beginning. Franchisees typically pay an upfront franchise fee and ongoing royalties in exchange for the right to use the franchisor's brand and business model. This allows the franchisor to generate revenue without bearing the costs of opening and operating each location (Anderson, 2023).

Another plus is that the risk is shared. Franchisees are responsible for the day-to-day operations of their own locations, which reduces the risk for the franchisor. If a franchisee fails, the franchisor may lose revenue but not necessarily their entire investment (Anderson, 2023).

However, perhaps the most important reason is brand awareness. Franchise systems can benefit from increased brand awareness since franchisees invest in marketing and advertising to

promote their locations. This can lead to increased market share and brand recognition, which can be difficult to achieve through individual marketing efforts.

In the US, the franchise business concept has a long history. As Rich Lebrun explained, the McCormick Harvesting Machine Company and the I.M. Singer Company created organisational, marketing, and distribution systems that were acknowledged as the precursors to franchising in the middle of the 19th century, which is when the idea first emerged (Lebrun, 2017). In the 1920's and 1930's, the first franchises in the food and hotel industries were created. In 1925, A&W Root Beer started offering franchises. In 1935, Howard Johnson Restaurants launched its first location. It quickly expanded and paved the path for the chains and franchises that still dominate the American fast-food market today. In the US, there are more than 785,000 franchise businesses that generate close to \$500 billion in revenue (Hayes, 2021).

Today, one of the most famous franchise systems are KFC, 7-Eleven, McDonald's, Dunkin', Taco Bell, Pizza Hut, Kumon, Hampton by Hilton, Anytime Fitness, CENTURY 21 RealEstate (Entrepreneur.com, 2022).

Hisrich, R. D., Peters, M. P. and Shepherd, 2005 define franchising “as an alternative means by which an entrepreneur may expand his business by having others pay for the use of the name, process, product, services and trademark. It can be used as a growth mechanism by the organisation (i.e. the franchisor). It is sharing an entrepreneurial vision and working together to make it a reality” (Hisrich, R. D., Peters, M. P. and Shepherd, 2005).

According to Otokiti (2004), “Franchising is a business arrangement in which the franchisor grants the franchisee the right to do business in a prescribed manner over a certain period of time in a specified way”. However, franchising is when a company provides a full business package to others in a specific format (Otokito, 2004).

Barbara Beshel (2001) said that “A franchise is the agreement or license between two legally independent parties which gives: 1. A person or group of people (franchisee) the right to market a product or service using the trademark or trade name of another business (franchisor). 2. The

franchisee the right to market a product or service using the operating methods of the franchisor. 3. The franchisee the obligation to pay the franchisor fees for these rights. 4. The franchisor the obligation to provide rights and support to franchisees" (Beshel, 2001).

FRANCHISE NAME/RANK	CATEGORY/DESCRIPTION	INITIAL INVESTMENT
# 1  KFC	Chicken Chicken	\$1.4M - \$3.2M
# 2  7-Eleven	Convenience Stores Convenience stores	\$125K - \$1.3M
# 3  McDonald's	Hamburgers Burgers, chicken, salads, beverages	\$1.4M - \$2.5M
# 4  Dunkin'	Coffee Coffee, doughnuts, baked goods	\$438K - \$1.8M
# 5  Taco Bell	Mexican Food Mexican-inspired food	\$576K - \$3.4M
# 6  Pizza Hut	Pizza Pizza, pasta, wings	\$367K - \$2.1M
# 7  Kumon Request Info	Tutoring Supplemental education	\$67K - \$146K
# 8  Hampton by Hilton	Hotels & Motels Upper midscale hotels	\$12.3M - \$22.8M
# 9  Anytime Fitness Request Info	Fitness Fitness centers	\$382K - \$784K
# 10  Century 21 Real Estate	Real Estate Real estate	\$25K - \$459K

Picture 1. 2022 Top Global Franchises Ranking

Source: <https://www.entrepreneur.com/franchises/directory/top-global-ranking>

2.2. Influence of COVID-19 on businesses in Slovenia

The impact of the COVID-19 outbreak is unprecedented and is being felt around the world. The world of work has been greatly affected by the pandemic. In addition to threats to public health, economic and social disruption threatens the long-term livelihoods and well-being of millions of people. The pandemic has severely impacted labor markets, economies and businesses, including global supply chains, causing widespread business disruption (Salma S., 2021).

Governments, workers and employers play a key role in combating outbreaks by ensuring the safety of individuals and sustainability of businesses and jobs. Since the start of the pandemic, the European Commission has implemented aid measures to assist residents and corporations and mitigate the significant financial impact of the coronavirus pandemic.

In 2020, Slovenia received a €1.5 million Slovenian scheme to support the agri-food sector in the context of the coronavirus outbreak. It was approved under the State aid Temporary Framework with the objective to grant support in the form of direct grants open to farmers and small or medium-sized enterprises active in the processing of agricultural products and help the beneficiaries address their liquidity needs to continue their activities and keep jobs during and after the coronavirus outbreak (commission.europa.eu, 2020).

The Slovenian government has implemented a number of measures to help support restaurants during the COVID-19 pandemic. These measures have been designed to help businesses stay afloat during this challenging time and to help protect jobs in the hospitality sector. One of the key measures introduced by the Slovenian government is financial support for restaurants that have been affected by the pandemic. This includes grants to help cover fixed costs, such as rent and utilities, and support for businesses that have had to close due to COVID-19 restrictions.

The COVID-19 pandemic has had a significant impact on businesses in Slovenia, with many struggling to adapt to the changing economic landscape. Slovenia was not spared from the economic disruption caused by the pandemic, with many businesses forced to close or reduce their operations due to lockdown measures and decreased consumer demand.

Small businesses, in particular, have been hit hard by the pandemic. The government implemented several economic relief packages to help businesses stay afloat during the crisis, including subsidies, loans, and tax breaks. Still, the impact of the pandemic on the economy has been significant, and many businesses needed to permanently close their doors.

The pandemic has accelerated the shift towards digitalisation in Slovenia, with many businesses moving online to adapt to the changing consumer behavior. E-commerce has seen a significant increase in demand, with many consumers turning to online shopping to avoid public spaces.

The hospitality and tourism industries were particularly hard hit, with many hotels, restaurants, and travel agencies forced to close or reduce their operations due to travel restrictions and decreased consumer demand. The government implemented measures, such as wage subsidies and tax relief, to support these industries, but many businesses still struggled to stay afloat.

Overall, the COVID-19 pandemic has had a profound impact on businesses in Slovenia, particularly small businesses and those in the hospitality and tourism industries. While the government has implemented measures to support businesses during the crisis, the long-term economic effects of the pandemic are still being felt, and many businesses are still struggling to adapt to the changing economic landscape.

In addition, the Slovenian government has provided regulatory support for restaurants, such as the relaxation of rules around outdoor dining and the extension of operating hours. These measures have allowed restaurants to serve more customers while adhering to social distancing guidelines.

To help protect jobs in the hospitality sector, the government has introduced measures to support workers who have been affected by the pandemic. This includes financial support for workers who have been made redundant or who are on reduced hours, as well as support for training and re-skilling. Overall, the Slovenian government has taken a proactive approach to supporting restaurants during the COVID-19 pandemic. By providing financial and regulatory support, as well as support for workers, the government has helped to ensure that the hospitality sector remains resilient during this challenging time.

2.3. McDonald's Slovenia and COVID-19

The field of research in this thesis is McDonald's business during and after the coronavirus period. I aimed to investigate how McDonald's navigated through the challenges posed by the

COVID-19 pandemic and what strategies they employed to increase their income during this period. The reason I chose the McDonald's case is that in 2020, I had the opportunity to join the amazing McDonald's team in Maribor. I have an insider's view of McDonald's business as an employee.

Although a potential pandemic was already included in the organisation's risk management plan, COVID-19's rapid acceleration forced the corporation to act immediately because of how drastically it affected every community. The degree of risk readiness of McDonald's, expertise in handling health and safety issues, as well as supply chain planning all played a crucial role.

McDonald's senior vice president and head of the U.S. Covid-19 response team, Bill Garrett, said that: "Covid-19 became part of everyone's job. We pushed ourselves to think differently about many things including menu, operating procedures, and how to serve our customers and employees (in both restaurants and corporate offices) in new and different ways that prioritised their safety" (Theonebrief.com, 2021).

In this thesis, I will also address the question of what McDonald's did differently in its business during the COVID-19 pandemic. The aim of this thesis is to understand how large companies respond to new and unpredictable situations. As part of McDonald's response to the pandemic, it has developed an agile model and team structure that supported integrated decision making. The initiative was directed by a COVID-19 leadership team, which reported to McDonald's U.S. senior leadership. At first, these executives met three times a day to discuss the rapidly changing information and developing recommendations. A team focused on improving more than 50 processes in American restaurants as part of the fastest operational transformation in the company's history. Another team focused exclusively on consulting with outside experts to provide ongoing advice and expertise on cutting-edge research in infection prevention and control and to share best practices in order to slow the spread of COVID-19 (mcdonalds.com, 2022).

An interesting fact I have heard recently is that they completely closed restaurants in Bosnia and Herzegovina after a few scandals and major problems, such as not paying a franchise fee and rent (Braksator, 2023). The closure of McDonald's in Bosnia follows the recent closure of the company's outlets in Russia and Kazakhstan in 2022 due to the war in Ukraine (Braksator, 2023).

3. COVID 19 AND FOOD SERVICE INDUSTRY IN SLOVENIA

The COVID-19 pandemic has had a significant impact on the food service industry in Slovenia, similar to many other countries in the world. Restaurants, cafes, and other food establishments faced numerous challenges as they navigated through the pandemic.

Early on in the pandemic, Slovenia, like many other countries, implemented lockdowns and strict restrictions on public gatherings and businesses. Restaurants and cafes were forced to close their doors to dine-in customers. This had a devastating impact on their revenue, and many establishments had to furlough or lay off their staff.

To survive during the lockdowns, many restaurants quickly adapted by pivoting to takeout and delivery services. They optimised their online presence, created new menus, and partnered with food delivery platforms to reach customers at home. This shift helped them maintain some level of income during the closures.

When restrictions eased, restaurants had to implement strict safety measures, including reducing indoor seating capacity to ensure social distancing, installing barriers, providing hand sanitizers, and requiring staff and customers to wear protective face masks. Enhanced cleaning protocols became the norm.

Restaurants in Slovenia, like in many parts of Europe, expanded their outdoor dining areas. Sidewalks, parking lots, and other outdoor spaces were repurposed to accommodate diners, helping to compensate for reduced indoor capacity.

The Slovenian government introduced various support measures to help businesses survive the economic fallout of the pandemic. This included subsidies for employee salaries, rent relief, and financial aid packages specifically targeted at the hospitality sector.

Many restaurants invested in technology to enhance their online presence and streamline their operations. This included setting up online ordering systems, offering contactless payments, and improving their social media marketing to reach customers.

To reduce waste and cut costs, some restaurants adapted their menus to focus on dishes that could be prepared with ingredients that had a longer shelf life. This allowed them to minimise food spoilage.

In response to the uncertainty of the pandemic's duration, some restaurants adopted hybrid business models. This involved maintaining takeout and delivery services even after reopening for dine-in customers to diversify their revenue streams. While the COVID-19 pandemic posed immense challenges to the food service industry in Slovenia, many restaurants showed resilience and adaptability in the face of adversity. Some of these changes, such as increased digitalisation and outdoor dining, may continue to shape the way restaurants operate in the post-pandemic world.

4. RESEARCH OF THE COVID-19 PANDEMIC ON VARIOUS FIELDS

Mcleod (2023) defined a hypothesis as “an educated guess or prediction about a certain phenomenon or event based on some initial observations, data, or research. It is a proposed explanation for something that can be tested through further investigation or experimentation”. Furthermore, “A hypothesis typically includes an independent variable, a dependent variable, and a proposed cause-and-effect relationship between the two. Hypotheses are an important part of the scientific method, as they provide a starting point for investigation and help researchers to better understand and explain the world around them” (Mcleod, 2023).

A hypothesis is a proposition that can be verified by empirical study. Before you begin your experiment or data collection, you must propose your hypotheses if you wish to investigate the relationship between two or more variables (Mcleod, 2023).

“A hypothesis is a statement that can be tested by scientific research. If you want to test a relationship between two or more variables, you need to write hypotheses before you start your experiment or data collection” (McCombes, 2022).

According to the literature I read, having a well-defined hypothesis is important because it helps establish the direction of the research and ensures that the study is focused on a specific question or issue. It also allows researchers to make predictions about the results of the study, which can be tested through empirical data. In addition, a hypothesis can help guiding the design of the study, including the selection of participants, data collection, and the analysis of the results. By having a clear hypothesis, researchers can ensure that their study is well-designed and structured to answer the research question. Furthermore, a well-formulated hypothesis can help generate new knowledge and understanding, even if the study results do not support the hypothesis. If a hypothesis is not supported by the data, it can still help identify new questions or issues that need further exploration.

Overall, a hypothesis is important because it provides a framework for research, helps to focus the study on a specific question or issue, guides the study design, and can lead to new knowledge and understanding.

In this thesis, we will be exploring the following hypotheses:

Hypothesis 1: The COVID-19 pandemic has significantly adversely affected McDonald's operations in Slovenia.

Hypothesis 2: The COVID-19 pandemic has had a positive impact on McDonald's cooperation with local businesses.

Hypothesis 3: The utilisation of new technologies in McDonald's will not result in a decrease in the number of employees.

As Mcleod (2023) stated, researching a hypothesis involves designing and conducting experiments, observations, or investigations in order to gather data and evidence that can either support or refute the hypothesis. The goal of researching a hypothesis is to test the proposed explanation or prediction in a systematic and objective way (Mcleod, 2023).

Researching a hypothesis involves a systematic approach to testing a proposed explanation or prediction for a phenomenon or set of phenomena. To conduct research on a set hypothesis, researchers typically follow a series of steps to design and execute a study that will provide evidence for or against the hypothesis.

“A research hypothesis is a precise, understandable, and testable proposition or forecast about the likely results of a scientific research study based on a certain characteristic of a population, such as presumptive disparities between groups on a single variable or correlations between variables” (Mcleod, 2023).

Overall, researching a hypothesis requires a systematic approach to testing a proposed explanation or prediction for a phenomenon or set of phenomena. By following a series of steps, researchers can design and execute a study that provides evidence for or against the hypothesis, leading to new knowledge and understanding of the phenomenon under investigation.

“A research hypothesis is a proposition that states a research topic and an anticipated outcome. It serves as the foundation for scientific experiments and is a crucial component of the scientific method” (Mcleod, 2023).

Data collection is a critical component of researching a hypothesis. Depending on the nature of the hypothesis, data may be collected through surveys, interviews, experiments or observations. It is important to ensure that the data collected is reliable and valid, and that it is representative of the population or sample being studied.

4.1. COVID-19 pandemic's major negative impact on McDonalds operations in Slovenia

The first hypothesis in this study is that the COVID-19 pandemic has significantly adversely affected McDonald's operations in Slovenia. For the McDonald's franchise in Slovenia, the responsible company is Alpe Panon d.o.o. The company was established on July 19, 1993, and has its headquarters in the capital city, Ljubljana, on Dunajska cesta 15. The company is a taxpayer.

They changed the name from McDonald's Slovenija gostinske storitve d.o.o. to ALPE-PANON, gostinske storitve d.o.o. In the financial report for the Slovenian portal Bizi.com or the Slovenian online platform for small and medium-sized enterprises (SMEs), the company Alpe Panon d.o.o. submitted the following data (bizi.si, 2022):

Financial data

Financial data in EUR					
Title	2017	2018	2019	2020	2021
Assets	23,907,495	30,536,661	35,168,964	37,612,607	45,037,410
EQUITY CAPITAL	9,315,398	11,187,333	13,619,012	14,761,837	18,336,736
NET SALES	39,498,890	45,328,912	52,549,680	42,611,344	60,101,023
NET PROFIT OR LOSS FOR THE PERIOD	1,575,122	2,571,104	3,353,135	1,513,392	5,012,517
Current ratio	0.5	1.3	1.1	1.1	1.2
Return on equity-ROE	16.91	22.98	24.62	10.25	27.34
Working capital	-3,031,466	2,012,207	775,278	510,591	2,070,705
Net Debt to EBITDA	3.1	2.1	2.1	3.4	1.7
Value added	11,995,589	16,073,418	20,108,476	18,695,494	24,154,618
EBITDA	3,715,607	5,317,524	7,076,164	4,934,964	9,210,269
EBITDA margin (%)	9.34	11.73	13.46	11.12	15.13
AVERAGE NUMBER OF EMPLOYEES	451.00	550.00	537.23	578.00	580.28
Financial statements are audited	Yes	Yes	Yes	Yes	Yes
Auditor's opinion for financial year	Pozitivno mnenje				

Picture 2. Financial data of company Alpe Panon d.o.o.

Source: <https://www.bizi.si/ALPE-PANON-D-O-O/maticno-podjetje/>

According to this publicly available data, their finances consistently grew over time, and the coronavirus did not have any impact on their business in Slovenia. Therefore, from the outset, we can conclude that there was no negative impact on McDonald's business.

In 2020, they had net sales of €42,611,344 and a profit of €1,513,392. In the year 2021, they reported net sales of €60,101,023 and a profit of €5,012,517.

According to this data, they increased their profit by €3,499,125 in one year. The COVID-19 pandemic started in 2020 and was very prominent in 2021.

Despite the challenges posed by the COVID-19 pandemic, the company Alpe panon d.o.o. grew their profits. One such company is McDonald's Slovenia (Alpe panon d.o.o.), which was able to increase its revenue and profitability even during these difficult times.

In Slovenia, during the years 2020 and 2021, they did not close any McDonald's restaurants (Mcdonalds.si, 2022).

According to the available data, they have closed only four restaurants till now: one in Maribor center, one in Ljubljana, one in Koper, and one in Celje. The latest restaurant was opened in 2022 on Cankarjeva street in Ljubljana. In the years 2020 and 2021, the company Alpe Panon d.o.o. opened three new restaurants, including the one in Murska Sobota (opened in 2020), one of the important cities in the region of Prekmurje. Consequently, we can say that in 2020, during the worst times of the pandemic, McDonald's actually expanded their franchise to main cities where they were not present before.

Currently, there are 24 opened McDonald's restaurants in Slovenia. Some of them operate 24 hours a day, while others are open from 7 a.m. until 9 p.m. (Mcdonalds.si, 2022). According to insider information obtained during an interview with my manager, there are plans to open two new restaurants in Maribor in 2023.

My opinion is that they could open even more restaurants, but their team is opening them very strategically. It might have been too risky to start too many new restaurants during the Corona times, and that is likely the reason why they did not open any new restaurants in the year 2021.

Also, they coped very well with the instructions issued by the government regarding the corona virus. The rapid escalation of COVID-19 forced the corporation to act rapidly because it had an impact on every neighborhood in a way that no one could have fully anticipated.

The degree of risk readiness of McDonald's, expertise in handling health and safety issues, and supply chain planning all played a very important role.

“Covid-19 became part of everyone’s job”, said Bill Garrett, senior vice president and head of the U.S. Covid-19 response team at McDonald’s (Theonebrief.com, 2021). He continued: “We pushed ourselves to think differently about many things including menu, operating procedures, and how to serve our customers and employees (in both restaurants and corporate offices) in new and different ways that prioritized their safety” (Theonebrief.com, 2021).

McDonald's created an agile methodology and a team structure to assist integrated decision making as part of its reaction to the pandemic.

Critically crucial were staff resources and support, with subteams working on office reopenings or employee health and wellness. The organisation was able to tackle the pandemic on several levels with this structure, and adaptability was crucial (Theonebrief.com, 2021).

According to the recent financial reports, McDonald's in Slovenia has experienced an unexpected growth in income despite the challenges posed by the COVID-19 pandemic. This is remarkable, considering that many other businesses have struggled to stay afloat during these difficult times.

One possible reason for McDonald's success in Slovenia is its ability to adapt to the changing circumstances. With lockdowns and restrictions on indoor dining, the fast-food chain has shifted its focus to delivery and takeout services, allowing customers to enjoy their favorite meals in the comfort and safety of their own homes.

Another factor that may have contributed to McDonald's success in Slovenia is its brand recognition and loyal customer base. The company has been operating in Slovenia for several years and has built a reputation for providing high-quality food and excellent customer service. This has certainly helped it to maintain its market share and even grow its business during these challenging times.

Overall, the success of McDonald's in Slovenia during the COVID-19 pandemic is a testament to the resilience and adaptability of businesses in the face of adversity. It shows that with the right strategies and a commitment to customer satisfaction, even in uncertain times, companies can thrive and continue to grow.

4.2. The COVID-19 pandemic's positive impact on McDonald's cooperation with local businesses

The second hypothesis in this thesis was that the COVID-19 pandemic has had a positive impact on McDonald's cooperation with local businesses. McDonald's has its own mobile phone application, released in the year 2018, well before the COVID-19 pandemic hit. However, the application started to become popular during the COVID times. To date, more than 100 million people around the world have downloaded the application on their phones. Additionally, in 2021, the McDonald's application, which is free of charge, was actually the most downloaded application in the USA (Qsrmagazine.com, 2021).



Picture 3. McDonald's Application

Source: <https://www.businessinsider.com/mcdonalds-new-rewards-program-offers-free-burgers-and-mcchickens-2021-6>

The application started to become popular in Slovenia in the year 2021, mostly because of its brilliant reward plan, which encourages customers to collect points and place more orders.

Mary Meisenzahl said that »Using the app to order food or scanning in-store will rack up points on purchases, which can be exchanged for free menu items. Each dollar spent equals 100 points. Once customers reach 1500 points (about \$15 worth of purchases), they're eligible to redeem a free item" (Meisenzahl, 2021). This author also claims that "Rewards programs have become nearly essential for fast food chains to attract and keep customers" (Meisenzahl, 2021). I agree

with the idea that McDonald's should follow the trends, as these trends bring customers back. Additionally, the McDonald's application was developed by the American company McDonald's Global Markets LLC, while the McDonald's Slovenia website was created by the Slovenian local company Futura.

A very important aspect in this context is McDonald's focus on delivery. McDonald's Slovenia has adapted to the current situation by offering delivery services to its customers. With the COVID-19 pandemic restricting indoor dining, the fast-food chain has made it easier for its customers to enjoy their favorite meals from the comfort and safety of their own homes. Customers in Slovenia can order their McDonald's meals through the company's website or mobile app, or by calling the restaurant directly. The delivery service is available across Slovenia, with many locations offering free delivery for orders over a certain amount.

To ensure the safety of its customers and delivery personnel, McDonald's Slovenia has implemented strict hygiene and safety protocols, including contactless delivery and regular disinfection of surfaces and equipment. This has helped to reassure customers and maintain their trust in the brand.

Overall, McDonald's Slovenia's delivery service has been a success, providing a convenient and safe way for customers to enjoy their favorite meals during these challenging times. The company's commitment to innovation and customer satisfaction has helped it stay ahead of the curve and remain a top choice for fast food in Slovenia.

The beginnings of the McDelivery service in Slovenia date back to June 2018. At that time, McDonald's Slovenia established delivery in Ljubljana with its partner eHrana (now Glovo Slovenija). From the McDonald's Železniška restaurant, delivery was possible in the area of the Center quarter community, part of Šiška, Bežigrad, Viča and Most. In October, they added delivery from the McDonald's Kolosej restaurant and expanded the delivery area all the way to the northern ring road and Letališka cesta. In 2019, they expanded their cooperation with a new delivery partner. Customers could choose Wolt Slovenija or eHrana for delivery. The beginning of 2020 brought the expansion of delivery to Maribor, too. On March 15, 2020, all restaurants in Slovenia were suddenly closed due to the COVID-19 coronavirus epidemic.

Before the epidemic, delivery represented a smaller share of total sales. Nevertheless, they saw the potential to invest in delivery as one of the sales channels of the future. According to internal data, in 2021, delivery represented 9% of sales. Since the beginning, the range of locations

where delivery is possible has also expanded. This year, for example, added two cities where delivery from McDonald's restaurants is possible, i.e., Koper in February and Novo mesto in November. McDelivery is now available in Slovenia with delivery partners Wolt Slovenija and Glovo Slovenija in seven cities (i.e., Ljubljana, Maribor, Celje, Kranj, Koper, Novo mesto and Domžale). Potočnik added that their ambitious plans include expanding to other locations where there are McDonald's restaurants in Slovenia.

March 15, 2020, as for most activities, also meant the closure of all restaurants for McDonald's Slovenia. Before the outbreak, McDelivery was available at nine locations. Denis Potočnik said that after the restart, they started with only two locations, that is one in Ljubljana (McDonald's Železniška) and the other one in Maribor (McDonald's Swaty). They decided on only two locations because the cost of opening a large number of restaurants was not acceptable, as delivery in Slovenia was still very limited, both in terms of locations and delivery area.

The restart of all the then 24 McDonald's restaurants in Slovenia took place with the opening of McDrive order lines. The opening of the McDrive offer took place in just over a week, but given the high profile of the coverage, many people remembered the queue in front of the McDonald's Šiška restaurant, which stretched along Celovška Street. But there were similar types at McDonald's Žito restaurant in Ljubljana and McDonald's Swaty in Maribor. The delivery partners eHrana and Wolt Slovenia also responded quickly and began to increase the area of delivery in the cities in which they were already present and to expand the range of new cities.

During the epidemic, 7 tons of food and around 5,000 prepared meals were donated. Due to the sudden closure of all restaurants in Slovenia, many catering establishments have a lot of food left. This was also the case at McDonald's Slovenia. Since they were only partially operational and food had a limited shelf life, it had to be used up or it would go to waste. That's why they decided on charity. The prepared meals were thus donated to many hospitals in Slovenia, including the Ljubljana Clinical Center, Doctor Petar Držaj Hospital, Golnik Hospital and Maribor Clinical Center, Celje General Hospital, Izola General Hospital, Murska Sobota General Hospital, Ptuj General Hospital, Novo Mesto General Hospital, Jesenice General Hospital and Šempeter General Hospital near Nova Gorica. In cooperation with the Municipality of Ljubljana, they prepared meals for socially disadvantaged children. Food was also donated to charities such as the Red Cross and Anna's star and elderly homes. In total,

McDonald's Slovenia donated 7 tons of food and around 5,000 prepared meals during the epidemic (Vestnik, 2020).



Picture 4. McDonald's donations, photo

Source: <https://vestnik.si/clanek/aktualno/mcdonalds-doniral-vec-kot-2-toni-zivildobrodelnim-organizacijam-in-domovom-za-starostnike-po-vsej-sloveniji-766416>

One of the initial problems for customers was the lack of familiarity with the purchase delivery process. In order to make the process as easy as possible for them, McDonald's prepared three packages consisting of the best-selling products in the restaurants right from the start. Potočnik also added that together with the delivery partners Wolt and Glovo, they invested in free delivery. In addition to free delivery, customers have also come to love the so-called add-on strategy with a free additional item. As part of the promotion, a free item is added to each order, e.g. a donut, Coca-Cola Zero Lemon, pie or similar. Currently, with every McDelivery order, the customer receives a children's book by the author Cressida Cowell.

Bag or rather, the box in which the customer receives his order from the restaurant McDonald's Slovenia, is something special and unique.

Apart from Slovenia, it can be found in only one other country, Israel, which introduced the bag a few months before Slovenia. With 22 restaurants, Slovenia can afford to try some innovative approaches. At the same time, the box is easy to handle and therefore quite popular with couriers. McDonald's also received positive responses from the customers, especially young people. They posted these trends and modern packaging on Instagram. The McDelivery box is made of biodegradable material, and the print is suitable for food products. McDonald's global commitment is that by 2025 all their packaging is 100% sustainable. In accordance with this commitment, paper straws and wooden utensils were introduced this year, and before that, the new McFlurry packaging without a plastic cap.

The largest share of delivery orders, just like in physical restaurants, falls on the Big Mac menu. The 5 packages offered by McDonald's Slovenia in the McDelivery offer were also well received by the customers. Packages account for 25% of sales during delivery. It is very interesting that cheeseburger was among the top items. The reason for this is very simple. It is a rather suitable product, with which the value of the basket is supplemented, so that the buyer reaches the minimum value required for the order. Both Wolt and Glovo currently have a minimum order value of €8.

McDonald's Slovenia introduced ice cream delivery this year before the start of the summer. Here, they listened to their customers who really wanted ice cream in the delivery offer. Delivering ice cream, especially in the summer months, is quite a demanding task, especially if it is ordered and delivered with hot food. At McDonald's Slovenia, they therefore took a slightly different way of preparing ice cream than in Portugal, where they deliver ice cream in poured form. They decided on deep-frozen ice cream, which is prepared in the restaurant and then placed in a low-temperature freezer for at least two hours. In the average delivery time of 20-25 minutes, the ice cream is properly melted and the customer can enjoy it. They have two ice creams in their regular delivery offer, which will occasionally be joined by another promotional one.

McDonald's was well prepared for many situations it encountered during the epidemic. From its very beginning, it developed the Drive-through concept, which was unique in the world for many years. It offers customers several ways to get to the products. While the visit to the restaurant itself fell drastically, in some periods it was even zero – and it is still far from the numbers we reached before the epidemic –, the fact is that the share of McDrive customers has

increased drastically. Customers have recognised this form as the safest form of ordering, as they practically do not come into contact with anyone. The orders and payments are made contactless. At the same time, customers have very well accepted the Walk-through option, which we introduced during the epidemic. The customer orders, pays, and collects the food outside the restaurant itself. All McDonald's restaurants in Slovenia are currently open inside as well, but operate in accordance with PCT restrictions.

McDonald's created an agile methodology and a team structure to assist integrated decision making as part of its reaction to the pandemic. Employee resources and support were also critically important, with sub teams focused on office re-openings or dedicated to employee health and wellness. This structure allowed the company to address the pandemic on multiple levels in a targeted way – and agility was crucial (Theonebrief.com, 2021)

“We have empowered our functional leaders to make necessary decisions to help protect people and our business, but we also wanted to provide consistency in our approach to the pandemic to ensure we emerged stronger than ever from this crisis – having common principles supported this approach”, said Bill Garrett, Senior vice president of McDonald's and head of the U.S. Covid-19 response team (Theonebrief.com, 2021).

Integrated decision-making has been at the heart of driver safety-focused procedures for McDonald's crew and company employees. McDonald's opened its new state-of-the-art headquarters in downtown Chicago in 2018, an open concept that includes cross-functional teams such as human resources, legal, and global security in an office that addresses a variety of aspects. Its purpose is to ensure that employees feel safe and secure, and the collaborative approach has been successful.

“People were amazed at how safe they felt when they walked into the office”. Looking back at the lessons I learned during this time, agility is one of my key learnings. The situation is changing rapidly and we need to be prepared to respond to new data and new scientific advice” (Theonebrief.com, 2021).

The pandemic has prompted McDonald's, along with many other organisations, to reassess its post-pandemic thinking about its employees and has laid a strong foundation to support its employees in the best possible way.

“We already had systems in place to support our employees' personal needs around the clock,” Marek says. In addition, “The flexibility and working model we had before the pandemic positioned us really well to adapt to the changing workforce” (Theonebrief.com, 2021).

General health support was just as important at McDonald's since managers help their employees by giving them tools to understand how different employees would be affected and to be able to adjust accordingly.

4.3. The utilisation of new technologies in McDonald's will not result in a decrease in the number of employees.

The last hypothesis in this study was that the utilisation of new technologies in McDonald's will not result in a decrease in the number of employees. From a technological standpoint, they have been implementing delivery robots since 2020. They look like this:



Picture 5. McDonald's Robots

Source: <https://www.blog.uporabnastran.si/2021/12/13/mcdonalds-robot-dostava-hrane-restavracijao-do-mize-lahko-dostavi-tudi-robot-mcdonalds-slovenija-v-petih-restavracijah-testira-strezbo-hrane-z-roboti-za-postrežbo/>

According to an article on webpage Uporabnastran.si, in December 2021, McDonald's Slovenia reinforced the waitstaff in some restaurants. At least temporarily, they have "hired" 9 robots for service, which will help in serving the ordered dishes to the tables in the restaurants. As Alpe-Panon d.o.o., which manages McDonald's restaurants in Slovenia, explained, they constantly take care of the development and modernisation of their services, which includes service robots. They introduced it as a test in five McDonald's restaurants.

Important is that, the robot, which is dressed in yellow and red McDonald's paint, can take up to four trays at once. A robot can deliver much more food at once than a person.

Therefore, for larger orders, the entire order is delivered at once, which saves the restaurant staff time and relieves them at the same time. In this way, it is easier for employees to find time for a personal approach to the guest and, consequently, better service, they wrote at McDonald's. Last but not least, interacting with a robot is also an interesting experience for the children.

This kind of robots also reduce the contact between workers and costumers, which is very important during the pandemic period, because it helps keeping costumers and their workers safe.

As they said in the interview, robots were introduced as a test. That's why the robots don't speak Slovenian yet, but they are working on making it easy to communicate bilingually (English and Slovenian). During the test period, they will collect information and data, especially guest opinions, and then decide how much and how they will implement it. So far, the responses of the guests have been very positive.

As a help to workers in McDonald's, the company also introduce the so-called ordering kiosk. This topic was of interest to the Forbes journalist Ed Rensi (2018), who wrote an article with the title "McDonald's Says Goodbye Cashiers, Hello Kiosks". In this article, Ed Rensi (2018) concludes: "These innovations dating back to McDonald's founding were not intended to reduce the number of employees; rather, they were designed to make employees more efficient at their jobs. The introduction of self-service ordering tablets has been presented in a similar manner. However, with labor costs continuing to skyrocket, it's inevitable that restaurants and other fast food chains will continuously search for ways to reduce labor costs--particularly as customers get comfortable with new technology. The research supports my concerns. A 2017 study by economists David Neumark and Grace Lordan finds a minimum-wage related increase in unemployment among employees who previously held jobs susceptible to automation.

Younger workers were some of the hardest hit by this outcome, which shouldn't be surprising; according to the Bureau of Labor Statistics, nearly half of minimum wage workers are between the ages of 16 and 24 (Rensi, 2018)".



Picture 6. McDonald's Ordering Kiosk

Source: <https://www.forbes.com/sites/edrensi/2018/07/11/mcdonalds-says-goodbye-cashiers-hello-kiosks/?sh=4acc03c26f14>

The financial data from the portal bizi.com, available in picture 7, proves the opinion of Ed Rensi (2018) that the number of employees in the Slovenian company Alpe Panon d.o.o. (McDonald's) actually grew over time.

Financial data

Financial data in EUR

Title	2017	2018	2019	2020	2021
Assets	23,907,495	30,536,661	35,168,964	37,612,607	45,037,410
EQUITY CAPITAL	9,315,398	11,187,333	13,619,012	14,761,837	18,336,736
NET SALES	39,498,890	45,328,912	52,549,680	42,611,344	60,101,023
NET PROFIT OR LOSS FOR THE PERIOD	1,575,122	2,571,104	3,353,135	1,513,392	5,012,517
Current ratio	0.5	1.3	1.1	1.1	1.2
Return on equity-ROE	16.91	22.98	24.62	10.25	27.34
Working capital	-3,031,466	2,012,207	775,278	510,591	2,070,705
Net Debt to EBITDA	3.1	2.1	2.1	3.4	1.7
Value added	11,995,589	16,073,418	20,108,476	18,695,494	24,154,618
EBITDA	3,715,607	5,317,524	7,076,164	4,934,964	9,210,269
EBITDA margin (%)	9.34	11.73	13.46	11.12	15.13
AVERAGE NUMBER OF EMPLOYEES	451.00	550.00	537.23	578.00	580.28
Financial statements are audited	Yes	Yes	Yes	Yes	Yes
Auditor's opinion for financial year	Pozitivno mnenje				

Picture 7. Financial data for Company Alpe Panon d.o.o. from year 2017 to 2021

Source: www.bizi.si

In the year 2017, they had an average of 451 employees, in 2018 they had 550 employees, and in 2019, they had 537 employees. In 2020, when COVID-19 started, they had 578 employees, and they ended the year 2021 with an average of 580.28 employees throughout Slovenia. This data shows that the average number of employees grew by 2.28 from the year 2020 to 2021. These numbers represent employees with unlimited or periodically limited contracts.

The number is even bigger now because a lot of young people work at McDonald's as students using their student contracts. In the end, we can conclude that during the COVID times, the number of employees stayed the same, actually, it increased by a very small number. The bitter truth is that during the COVID times, in 2020, they did not invite students to work, so the only workers were the employees with permanent and temporary contracts.

So the last hypothesis cannot be supported since McDonald's did not decrease the number of its employees due to new technology being introduced.

5. CONCLUSION

In this thesis, I attempted to confirm or reject three hypotheses, related to the topic McDonald's business in Slovenia.

The first hypothesis was that the COVID-19 pandemic has significantly adversely affected McDonald's operations in Slovenia. The second hypothesis was that the COVID-19 pandemic has had a positive impact on McDonald's cooperation with local businesses. The third hypothesis was that the utilisation of new technologies in McDonald's will not result in a decrease in the number of employees.

According to my research, the first hypothesis that the COVID-19 pandemic has had a major negative impact on McDonalds operations in Slovenia cannot be confirmed since, considering publicly available data, their finances have actually increased over time and the coronavirus did not affect their business. Consequently, this hypothesis cannot be supported by the study's research.

In Slovenia, no McDonald's restaurants were closed in 2020 and 2021. According to available data, only four of their restaurants have been closed so far, however all before the COVID-19 pandemic. Despite the challenges posed by the COVID-19 pandemic, McDonald's operations in Slovenia have not been severely impacted. Although there were changes to the business, the company was able to adapt to the new reality and continue operating effectively.

One of the reasons why McDonald's in Slovenia was still able to weather the storm is its strong brand recognition and loyal customer base. Even during the pandemic, customers continued to visit McDonald's for their fast food needs, albeit in reduced numbers. Furthermore, the company was quick to respond to the pandemic by implementing measures such as social distancing, frequent cleaning and sanitisation, and mandatory mask-wearing for employees and customers. These measures ensured the safety of employees and customers while maintaining business operations.

Additionally, McDonald's in Slovenia has diversified its revenue streams by expanding its delivery and takeout services. This has helped the company reach customers who were reluctant to visit restaurants during the pandemic. To streamline its operations and offer customers a more convenient experience, the company has also leveraged technology such as mobile ordering and payment.

In conclusion, McDonald's operations in Slovenia have not been significantly impacted by the COVID-19 pandemic. The company's strong brand recognition and loyal customer base, along with its ability to adapt and diversify its revenue streams, have helped it navigate the challenges posed by the pandemic.

The second hypothesis of this study was that the COVID-19 pandemic has had a positive impact on McDonald's cooperation with local businesses.

We can confirm this hypothesis because during the year 2020, McDonald's started to cooperate more with local delivery companies. Before the epidemic, delivery represented only a smaller share of total sales. Nevertheless, they saw the potential to invest in delivery as one of the sales channels of the future. In 2021, delivery represented 9% of sales.

The rise of food delivery services has completely changed the way people eat, and McDonald's is no exception. In order to keep up with the changing demands of customers, the fast food giant has begun to cooperate with local delivery companies, offering their menu items through these platforms.

The benefits of such a cooperation are many. For one, it makes it more convenient for customers to get their favorite McDonald's items without having to leave the comfort of their homes. This can be especially appealing to those who are busy or simply prefer the convenience of having food delivered to them. Additionally, it can help McDonald's reach a wider audience, as the delivery companies have their own customer base that may not otherwise have visited a McDonald's location.

In order to make this cooperation work, McDonald's had to make some adjustments to its operations. For example, it had to develop new packaging and labeling solutions to ensure that the food stays fresh and arrives at its destination in good condition. It had to work closely with the delivery companies to ensure that orders are fulfilled accurately and on time.

Overall, the cooperation between McDonald's and local delivery companies is a win-win for both parties. McDonald's is able to expand its customer base and offer greater convenience to its existing customers, while the delivery companies are able to offer their customers a wider range of food options. It's a perfect example of how businesses can work together to create new opportunities and better serve their customers in the rapidly changing world of food delivery.

The last hypothesis was that the utilisation of new technologies in McDonald's will not result in a decrease in the number of employees.

McDonald's did not decrease the number of its employees because of new technology. In 2021, they introduced delivery robots, which saved employees a lot of time. Nevertheless, employees remained an important part of McDonald's business.

There has been a lot of debate in recent years about how new technologies such as automation and self-service kiosks could impact the job market, especially in industries like fast food. Some have argued that the introduction of these technologies could lead to a decrease in the number of employees, as companies like McDonald's rely more heavily on machines and AI to handle tasks that were previously done by humans. However, there are several reasons to believe that this might not be the case.

Firstly, it's important to remember that McDonald's is a massive global corporation with tens of thousands of locations worldwide. While it's true that some stores have already started using self-service kiosks to take orders, this is not the case everywhere. In fact, many McDonald's locations still rely on human cashiers to take orders and handle transactions.

Furthermore, even if more stores do start using self-service kiosks, this doesn't necessarily mean that the number of employees will decrease. In fact, it could have the opposite effect. With more kiosks available, customers may be able to place their orders more quickly and easily, leading to an increase in overall sales volume. This could in turn create a greater demand for employees to help prepare and serve food, clean the restaurant, and handle other tasks.

Another important factor to consider is that while new technologies can certainly automate certain tasks, there are still many things that require human workers. For example, machines can't yet cook and prepare food as well as a skilled chef, and they certainly can't provide the same level of customer service that a friendly and knowledgeable employee can. In other words, there will always be a need for human workers within the fast food industry, even with the introduction of new technologies.

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