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Multilevel Analysis Applied in High-Impact Environments: Causes and Effects of Firm and Political Activities During the Pandemic in the Restaurant Sector

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Abstract: The COVID-19 pandemic has meant a serious risk to the economic viability of companies and the sustainability of employment in the restaurant sector, a high-impact activity for the economy and employment in Mexico and Spain. This paper analyzes the causes of the prolonged and intense damage to companies and employees via multilevel analysis techniques and a qualitative, inductive methodology drawing on multiple sources. Research propositions posit that the sectoral structure, management practices, and institutional actions during and after the pandemic are predictors of recovery or continued losses. The balanced result of these three levels of analysis, in a severe crisis situation, such as the global pandemic, reveals that the combination of low institutional protection at the macro level, a hostile industry structure at the meso level, and a focus solely on economic sustainability as the primary business objective resulted in widespread resignation and put survival at risk, particularly for smaller companies and entrepreneurs. Analysis of the firms' and stakeholders' actions also shed light on the inter-relations, such as the negative effect of macro general policies on a fragmented, asymmetric meso level. Inter-relations among customers and firms' behavior gave insights that could increase resilience before general critical events. Finally, the balanced results recommend a simultaneous effort from firms and policy makers to make possible a profound change while addressing the sector's shortcomings. Firms' effort in managing key assets, such as human capital, to acquire the capacity for the flexibility, adaptability, and innovation essential for change and renewal, must be endorsed by institutional support and customer recognition of the contributions of this singular service and cultural industry.

Keywords: pandemic; restaurants; business survival; resignation; multilevel analysis; human capital; Mexico; Spain

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1. Introduction

The global health crisis caused by COVID-19 has had many consequences for the hospitality industry, particularly for companies in the food and beverage sector (SIC 581, Eating and Drinking Places; NACE 56, Food and Beverage Service Activities). Infections and confinement orders threaten the economic viability of companies, as well as the social sustainability of employment, in a sector where people play such an essential role (Aarstad et al., 2024; Carvalho & Valdés, 2020; Gomes et al., 2022; Lee et al., 2024; Liu & Nazareno, 2024; Verick et al., 2022).

In this research project, we evaluate the impact of the COVID-19 pandemic on the restaurant industry and the availability and attractiveness of employment in bars, restaurants, and cafeterias, considering it "the turning point . . . of permanents, systemic changes" (El-Said et al., 2023, p. 2). Since its global spread from China in the last months of 2019 and the subsequent phases of acute and transitional contagions and replication (Leoni & Moretti, 2024), the pandemic has severely decreased revenues in the tourism and hospitality sectors in general (Jiménez-Medina et al., 2022; Lee et al., 2024). In the first, acute phase, governments took multiple measures to reduce the spread of the virus (Liu-Lastres et al., 2024), which resulted in dramatic decreases in both the frequency and number of transactions (Wang, 2021) in addition to a generalized decline in consumer sentiment (Moulton et al., 2023). The collapse of consumer demand poses a grave risk to the survival of businesses in the sector (Aarstad et al., 2024; Gomes et al., 2022), further complicated by a phenomenon known as "the great resignation" (Tessema et al., 2022), that is, employee attrition or the reluctance of employees to return to their jobs after the pandemic (Liu-Lastres et al., 2023b), resulting in acute staff shortages and poor employee motivation (Chen et al., 2022; Stamolampros & Dousios, 2024). The combination of these effects caused "devastating impacts to the hospitality industry" (Jones & Alimohammadirokni, 2024, p. 689), that is, a severe reduction in hotel guests and restaurants' revenues, harming the local economy of countries and regions where the sector is a major contributor to economic and social sustainability (Gomes et al., 2022; Jiménez-Medina et al., 2022; Lazaridis et al., 2022). In the second phase, starting around May 2020, to the end of 2023, named the "new normal", wake, or recovery from the pandemic (Leoni & Moretti, 2024; Liu-Lastres et al., 2023a; Makona et al., 2023), the resilience of businesses, in particular micro and small and medium firms, was threatened by financial and economic constraints (Alonso et al., 2022; Lee et al., 2024) but also by customers' change in habits towards delivery and in-home consumption (Jones & Alimohammadirokni, 2024) and the long-lasting employee defection from the sector ("quiet quitting") (Hamouche et al., 2023). With different measures and instruments, governments tried to alleviate the consequences for hospitality business and restaurants, with varied effects on firms' survival and recovery (Aarstad et al., 2024; Liu & Nazareno, 2024; Oikawa & Onishi, 2024).

The previous paragraphs give only a glimpse of the huge interest that hospitality scholars and researchers are devoting to the consequences of the pandemic. A simple search on Web of Science of academic articles covering the topics of hospitality*pandemic revealed more than 700 contributions, 216 of them published during 2023 and 2024. The same search with restaurants*pandemic resulted in more than 500 contributions, 172 published in the last two years. At the beginning of the crisis, the focal points of interests were prospective trends and strategies for recovery (Wong et al., 2023), while in the recent literature, scholars' attention has moved towards the analysis of traits and actions that could improve resilience and sustainability, in a sector particularly vulnerable to economic, climatic, and health shocks (El-Said et al., 2023; Lee et al., 2024; Sann et al., 2024). Building businesses' resilience before a global crisis in a sector with a high impact on the economy and employment of many countries is, therefore, a relevant research objective for scholars and practitioners. In this paper, we aim to contribute to this collaborative effort, filling, if possible, a gap in the previous literature that has reviewed the effects of actions enacted by the macro level of the industry, institutional stakeholders, on the micro level, that is, incumbent firms (Aarstad et al., 2024; Hoehn-Velasco et al., 2021; Oikawa & Onishi, 2024). In our view, it is also relevant to improve our understanding of how, and why, the structural traits of the sector, in terms of the asymmetry, concentration, and power of suppliers and potential substitutes (Carvalho & Valdés, 2020), may affect the behavior, and consequences, of sector stakeholders. In this vein, the research question is as follows: what were, and what are,

the effects of institutional environment actions, industry structure, and firms' behavior on the survival and recovery of the economy and employment? This asks for the balanced results of the macro-, meso-, and micro-level situation and actions that could augment the negative, or positive, effects of the pandemic shock in the restaurant and food service sector, which shows a slower pace of recovery (Makona et al., 2023). The objective is to identify the reasons why this sector is among the ones most affected by the weakness of economic recovery in the "new normal", post-pandemic phase (Aarstad et al., 2024; Chatzinikolaou et al., 2021; Fang et al., 2021); this may explain the high rates of employee attrition, with staff quitting their jobs even when this involves renouncing unemployment benefits (Croes et al., 2023; Seyitoğlu et al., 2023; Stamolampros & Dousios, 2024; Wang & Cheung, 2024).

Building the resilience of firms may result in a healthy and profitable food and beverage industry, with a positive impact on the economy as a whole and on the broader tourism ecosystem (de Albuquerque Meneguel et al., 2019). Restaurants, bars, and *taquerías* are important to a community, providing spaces for social engagement and cohesion, and the activities of companies and employees have a significant effect on environmental, social, and cultural sustainability (Huang & Hall, 2023). The sector is also economically and socially significant as an important source of employment and self-employment as well as an engine of inclusion, with high rates of migrant and female employees (CANIRAC, 2020; HdeE Federación de Hostelería de España, 2024; Ryder, 2020).

In order to unveil the causes of the deep and enduring effects of the pandemic on the restaurant sector, we propose an inductive, multilevel analysis model, soundly rooted in the previous literature review. The analysis takes into consideration the pandemic phases, acute and transitional, to the new normal (Leoni & Moretti, 2024). The induced-from-theory research propositions are posed to evaluate the balanced results of the duration and extent of institutional measures (macro level) (Aarstad et al., 2024; Hoehn-Velasco et al., 2021; Liu & Nazareno, 2024; Oikawa & Onishi, 2024), the competitive structure of the sector (meso level) (Crick et al., 2023; Gomes et al., 2022), and the business resources and practices (micro level) (Lee et al., 2024; Sharma et al., 2023; Soni et al., 2023) before, during, and post pandemic (Chatzinikolaou et al., 2021; Leoni & Moretti, 2024; Makona et al., 2023; Sharma et al., 2023). Identifying the structural characteristics of a sector (atomized and fragmented, poor hiring practices and working conditions) (Alonso et al., 2022; Rivera et al., 2021; Soares & Berg, 2022) can provide important insights, but given the precipitous collapse in demand, actions by governments and regulatory bodies are also an important part of recovery (Aarstad et al., 2024). The effective management, preservation, and deployment of company resources involves careful decision-making about the usually scarce available assets (Liu et al., 2024), setting priorities for different elements of the sustainability balance sheet (economic, social, and environmental), stakeholders (consumers, shareholders, managers, or workers) (Jones & Alimohammadirokni, 2024; Li et al., 2021; Makona et al., 2023), and the short- and medium-term outlook (Nguyen et al., 2022). These actions and decision-making can provide a competitive advantage when managing a crisis (Bamiatzi & Kirchmaier, 2014) and contribute to the industry's recovery (Alonso et al., 2022). This multilevel analysis and the balanced results could contribute to understanding whether the industry could be, or is not, on the path of renewal, after government and firms' response and recovery actions against the shock, identifying inter- and intra-relations that could lead to a recommendation of best practices in business and institutional activities that lead to improved overall performance and sustainability, owing to positive outcomes in terms of revenues, value, and employment, making the pandemic an opportunity for positive changes in the sector (Zapata-Cuervo et al., 2023).

The geographical *locus* of the analysis is two countries (Mexico and Spain) in two regions of the world (Latin America and Europe) which applied different approaches,

public policies, and economic measures in dealing with the pandemic (Soares & Berg, 2022). In both, the restaurant sector has a high impact and is an important part of the economy and a source of employment (CANIRAC, 2020; Carvalho & Valdés, 2020). This study makes dynamic use of a diverse range of sources, variables and indicators, and research techniques suggested by other scholars to determine the broader and systemic impact of the COVID-19 pandemic (Aarstad et al., 2024; Alonso et al., 2022; Dogru et al., 2023; Lee & Choi, 2023; Lee et al., 2024; Soni et al., 2023). The results unveil the relevance of structural shortcomings, which are a determining factor in the pace and solidity of the recovery of business activity and employment. Public authorities also emerge as a relevant player, with a general warning about the inadequacy of applying general policies and remedies in the fragmented and asymmetric restaurant sector, revealing the relation among the macro and meso levels. The case study of three firms' activities and results during the peak and wake of the pandemic gives insights into strategies successful in boosting performance and enhancing the attractiveness of the industry while reducing employee attrition. This study contributes with a holistic, macro-to-meso and -micro in-depth analysis of the impact of the global pandemic, considering the relationship between the macro environment and companies and companies and customers, within the restaurant sector. By taking a multi-country approach, this study expands our knowledge about the effect of a global crisis, such as the pandemic, in different institutional, structural, cultural, and social contexts, which are fundamental aspects of the tourism, accommodation, and food service industries. Doing so, we contribute to the recent literature that has examined the impact of stakeholders' behavior on the performance of companies, and employment, in developed and emerging restaurant industries (Aarstad et al., 2024; Azhar et al., 2024; El-Said et al., 2023; Gkoumas, 2022; Liu & Nazareno, 2024; Makona et al., 2023; Oikawa & Onishi, 2024; Rombach et al., 2023; Stamolampros & Dousios, 2024).

2. Literature Review: Micro, Meso, and Macro Levels in Hospitality Industry Research

2.1. Multilevel Analysis of the Impact of the Pandemic on the Restaurant Industry

Multilevel analysis of the behavior of the subjects and their reactions in the face of the pandemic takes into account the cultural and social context in which these actions take place (Presti & Mendes, 2023). In terms of restaurant businesses (Dopfer et al., 2004), the analysis approaches the economic realities by taking a macro view of the larger financial, social, and political institutions as well as a meso view of the ecosystem of companies and their institutions within a specific territory (Chatzinikolaou et al., 2021).

2.2. The Micro Level of Analysis: Resources and Firm Strategies in the Context of the Pandemic

The rise of the pandemic can be studied as one of the unpredictable events that can challenge the survival of a firm (Crick et al., 2023). At the micro level, decisions in turbulent times are made by the business unit: owners and managers evaluate problems, set priorities to achieve economic sustainability, and conserve the resources (financial, physical, relational, and locational) of the business (Giousmpasoglou et al., 2021). To perform this, the firm deploys its slack capabilities, in particular, dynamic capabilities, that is, competences to deal with a changing business environment (Alonso et al., 2022; Teece, 2007). Companies that skillfully deploy their resources and dynamic capabilities (flexibility, adaptation, innovation, talent management, and know-how (Teece, 2007)) can gain a competitive advantage and recover more rapidly by spurring their teams to develop specific skills, such as assertiveness and decisiveness, in the face of a highly uncertain and changing business environment (Lai & Cai, 2023). On the other hand, the limitation

of resources challenges resilience and threatens survival, in particular that of small firms (Alonso et al., 2022; Gkoumas, 2022).

The deployment of company resources may involve, among other things, certain human resource practices that are perceived as positive or negative by employees (Camilleri et al., 2024; Liu-Lastres et al., 2023a; Stamolampros & Dousios, 2024). In a labor-intensive industry like that of restaurants, employees' motivation, fidelity, resilience, health, and sanity emerge as a key asset for both small and large organizations (Dogru et al., 2023; Liu-Lastres et al., 2023b). A study by Amorim et al. (2022) revealed that human resources managers (HRMs) generally took decisions in two directions: reactive, depending on the environment, and proactive, seeking to meet the challenges presented by the pandemic at the micro level, that is, the business unit. Lai and Cai's (2023) work on the psychological effects of fear, uncertainty, and anxiety proposes that HRMs that embrace a holistic strategy help their staff to develop better mechanisms to cope with uncertainty. Thus, it can be posited that the pace of firms' resilience and the strength of their recovery is linked to their particular HRM practices. Proposition Group 1 posits that decisions in one direction or another in the management of talent during confinement lead to different outcomes in terms of economic and social sustainability:

Proposition 1a. *Companies with talent management practices deemed negative for employees delayed economic recovery and had greater employee attrition.*

Proposition 1b. *Companies with talent management practices deemed positive for employees accelerated economic recovery and had stability in employment*.

In the value chain framework (Porter, 2001), HRM activities sustain the creation of value through the management of firms' operations. Elkhwesky et al.'s (2024) paper on sustainable innovation proposes that organizational factors, such as infrastructure and technological and financial capabilities, enable a critical role in the adoption of digital technologies, a set of tools that has proven its ability to foster recovery and renewal post pandemic; online sales, delivery, and IT-driven tools (apps, robots) are part of the activities initiated during the pandemic to keep customers and staff safe against contagions (Byrd et al., 2024). HRM (good) practices may also attract (or deter) talent as employees' satisfaction, a predictor of commitment and motivation, is linked to positive and negative emotions (fear, uncertainty) (Stamolampros & Dousios, 2024). Therefore, firms with (good) HRM practices in the pandemic are more prepared to develop innovative ways to overcome the demand restrictions and enhance their competitive advantage.

Proposition 1c. *Companies with talent management practices deemed positive for employees have more dynamic capabilities and are able to develop more innovative, creative sources of business to cope with demand shortfall.*

2.3. The Meso Level of Analysis: Industry Structure and Regional and Local Ecosystem

The difference in sectoral traits linked with the local context (geographical, cultural, political, social) of the hospitality and tourism industries can be signaled as a possible cause of the different rhythms and velocities of recovery (Gkoumas, 2022; Gomes et al., 2022). Therefore, understanding the effect of restaurant firms' actions must consider that they take place within a specific context, that is, at the meso level of the location, region, or state (Oikawa & Onishi, 2024).

Gomes et al.'s (2022) study on restaurants' performance during the pandemic in Spain and Portugal concludes that regional characteristics have to be taken into account, as they are "completely different" (p. 12). The local culture, in terms of consumer habits and its

position in the tourism market (Jiménez-Medina et al., 2022; Lazaridis et al., 2022; Leoni & Moretti, 2024), has its reflection on the structure of the industry and its characteristics in terms of dynamism, growth, barriers to entry or exit, and the resources necessary to enter the sector (financial, physical, or know-how). The demographics of sectors differ depending on the territory; some are highly concentrated, with large players with significant market power, fragmented, characterized by numerous small companies, or asymmetrical, a combination of the two. According to the EOI and the Bain–Mason paradigm, the structure or character of the market may be hostile or unfavorable (uncertainty of demand, a fragmented or asymmetrical market, competitor or consumer power, etc.) or welcoming and favorable (absence of significant barriers to entry/exit, lack of supplier or consumer power, solid demand and growth, etc.) (Caves, 1992). In the event of an external crisis, competitive differences in terms of size, concentration, and power tensions may exacerbate the inequality (Verick et al., 2022) between large corporations and small businesses with limited access to financing (Alonso et al., 2022; Sharma et al., 2023). Thus, Group 2 of propositions posits the effect of the industry structure on business recovery and employee attrition.

Proposition 2a. *In an unfavorable industry structure, business recovery is slower, increasing asymmetries between companies and increasing employee attrition.*

Proposition 2b. *In a favorable structure, business recovery is faster, reducing asymmetries and maintaining stable employment.*

2.4. The Macro Level of Analysis: Governments, Public Policy, and Institutions

The COVID-19 pandemic amplified the critical role of policy (Aguinis et al., 2023). At the macro level, the cycle of disruption caused by a pandemic generally involves restrictions on personal mobility, which are initially total and then limited or regional (Hoehn-Velasco et al., 2021; Liu & Nazareno, 2024; Oikawa & Onishi, 2024). To mitigate the impact of confinement on businesses, governments deployed (or did not deploy, as in the case of Mexico) policies to stimulate the economy and protect companies (with direct payments to families in the case of the United States, US) and subsidies and employment protections (as in the European Union, EU) (Gkoumas, 2022; Soares & Berg, 2022). However, previous crises revealed the inability of public actors to manage these outbreaks (Aarstad et al., 2024; Oikawa & Onishi, 2024). The general stimulus to the economy has exacerbated inequalities because of the way public resources are dedicated to businesses and families, whereas employment protection policies mitigate the impact of job losses on the most vulnerable (Chetty et al., 2020; Liu & Nazareno, 2024; Soares & Berg, 2022).

Proposition 3a. *The longer the duration of restrictions is, the greater the impact on companies, with higher bankruptcy rates and slower recovery of business and employment.*

Proposition 3b. *The greater the investment in companies and employment is, the higher the rate of business survival and the lower the rate of employee attrition.*

This sector, in particular, has been singled out for generalized poor labor practices and working conditions, sometimes deemed akin to "modern slavery" (Vaughan, 2023), causing persistent and pervasive shortages of qualified staff in key kitchen and service positions (Seyitoğlu et al., 2023; Wang & Cheung, 2024). Work in the hospitality industry is recognized as being psychologically stressful, and fears of infection and uncertainties about the future only exacerbate this tension (Chen et al., 2022); this may explain the high rates of employee attrition in the sector, with staff quitting their jobs even when this involves renouncing unemployment benefits (Croes et al., 2023; Stamolampros & Dousios, 2024).

Proposition 3c. *A hospitable employment environment with job alternatives, or subsidies, will accelerate employment turnover during and after a pandemic.*

In the specific case of the pandemic, the existence and effectiveness of public health systems are considered important factors in the success of government initiatives in fostering a faster return to business growth and the recovery of employment (Rombach et al., 2023). The quality of these systems and differences in access (rural areas, elderly individuals, etc.) have resulted in wide disparities in mortality rates (JHU-CRC). The vaccination protocols that protected the majority of the population permitted earlier and safer economic reactivation and inter-territorial mobility, although they were hindered by successive waves of new variants of the virus (Lai & Cai, 2023) that prolonged the uncertainty and fears of employees (Chen et al., 2022; Hoehn-Velasco et al., 2021).

Proposition 3d. *A good public health system facilitates the recovery of restaurant businesses and the sector.*

3. Methodology of Empirical Research: Methods, Variables, and Indicators

3.1. Research Inductive Model and Methods

Figure 1 pictures the research model, which is induced from the previous literature review, in order to respond to the objectives: understanding the causes and effects of the micro-, meso-, and macro-level actions in the recovery of businesses and employment in the restaurant sector. Validations of the propositions through the multilevel analysis balanced results give insights into the weighted impact of each one of the levels in economic and business recovery, the great resignation, and quiet quitting from employment and suggest actions and recommendations.

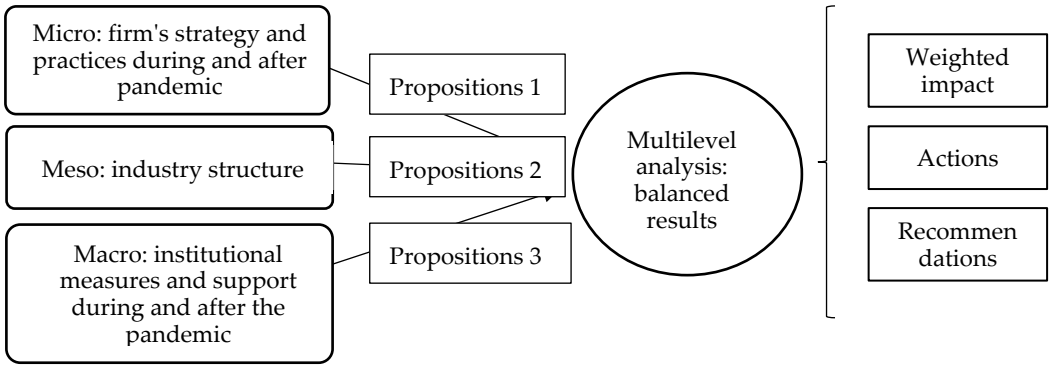

Figure 1. Research model. Multilevel analysis and balanced results (weighted impact, actions, and recommendations).

The propositions and their inter-relations are validated through qualitative analysis, guided by the principles of veracity, confidence transferability, consistency, and neutrality (McGinley et al., 2021) in which the researchers applied grounded theory (Strauss & Corbin, 2002). Facts are interpreted in light of their prior experience in the field, and the results are subject to expert opinion (Thomas, 2006). This methodology was chosen given the opportunity for access to and understanding of the problem by researchers, educators, and consultants active in the restaurant sector. The second proposition validation, about the relationship between industry structure and the impact of the pandemic on companies and employment, was performed with descriptive statistics and dynamic ratios and visualized through graphical representation. When necessary, country data were compared with other geographies (the US and the EU). The balanced results integrate and combine the multilevel

analysis through the use of grounded theory, a methodology that provides a structure for the use of different methods: the deductive analysis of multiple sources of information in collecting data (Aarstad et al., 2024; Gomes et al., 2022; Liu & Nazareno, 2024; Oikawa & Onishi, 2024) and the analysis of business behavior through case studies (Crick et al., 2023; de Albuquerque Meneguel et al., 2019; Huang et al., 2020).

3.2. Explanatory and Control Variables and Indicators

Previous studies analyzing the impact of the pandemic on businesses allowed us to refine our methods and calibrate conclusions through a comparison of methodologies and common variables and indicators (Aloisi & De Stefano, 2022; Dogru et al., 2023; Shin et al., 2023; Soares & Berg, 2022; Soni et al., 2023; Verick et al., 2022) over an extended time frame to cover the acute, transitional, and recovery phases (Crick et al., 2023).

Variables and indicators at the micro level: Opportunity criteria were applied in the selection of cases, that is, access to information at the moment of the crisis and channels for oversight during the de-escalation period, thus ensuring that they represented the sector (Thomas, 2006). The dynamic analysis of business activities and practices was conducted in adherence with accepted practices in collecting evidence to extract case study lessons (Eisenhardt, 2021) through multiple primary and secondary sources. Table 1 provides a summary of their activities (Table 1. Indicators of business practices (ALSEA, CMR, Grupo José M[a]) during the pandemic, grouped in accordance with the supporting and operating activities of the value chain (Porter, 2001)).

Table 1. Indicators of business practices (ALSEA, CMR, Grupo José M[a]) during the pandemic, grouped in accordance with the supporting and operating activities of the value chain (Porter, 2001).

Primary actions in the value chain						
Actions	ALSEA	EV	CMR	EV	GRUPO JOSÉ M[a]	EV
Logistics of inputs					Flexible planning of needs in farms (suckling pigs) and gardens	FL
Production operations			Taking advantage of dormant resources of other companies (service in cinemas)	IN		
	Change in service from outlets to home delivery and takeout	FL	Change in service from outlets to home delivery and takeout	FL	Home delivery service; attention to vulnerable groups	AD
Logistics and product distribution	Creation of an internal home delivery service	IN	Creation of an internal home delivery service	IN	Expanded menu of takeout (Gastro-Bar) and home delivery in all of Spain ('Cochinillo Viajero')	AD
Sales and marketing	Closure of business units (estimated: 20%)	FL	Closure of business units (estimated: 10%)	FL	Closure of restaurant (complete service)	AD
	Activation of online offers	AD	Creation of products ('It's just Wings') and expansion of offer ('Sushi-Itto') for home delivery	IN	Activation of Instagram as a communication channel with employees, giving voice to the community	AD
Customer service			Low-priced menu options aimed at young, urban clients	AD	Donation of redundant inputs to hospitals and clinics; maintain contact with clients (local community)	AD
Supporting actions in the value chain						
Actions	ALSEA		CMR		GRUPO JOSÉ M[a]	

Table 1. *Cont.*

Company structure: Management and decision-making	Centralized management of dispersed locales (multinational)	FL			Highlight the family-run nature of the company (José María and Rocío Ruiz) to staff and clients	AD
Talent management: cost-cutting	Employee layoffs (closed units, temporary closures); reduction in schedules and salary	AD	Employee layoffs (units closed, fall in activity); retain employees	AD	Restaurant closed; uncertainty about the future; risk of demotivation and resignations	AD
Talent management: cost-cutting	Layoffs are estimated at 20.4% (16,000 people), leaving without pay and searching for alternative employment for new staff	FL	Employees "lent" to other companies (e.g., Wal-Mart) with a shared salary scheme	IN	Employees are retained with reduced salaries (measures by the Spanish government)	AD
	Reduction in incentives/bonuses for managers and directors	AD	Reduction in incentives/bonuses for managers and directors	AD		
Talent management: internal atmosphere					Continuous communication, maintaining operational meetings (daily in restaurants, weekly for all staff)	AD
Technology and development	APP for home delivery service	IN	APP for home delivery service	IN	IT systems for remote meetings with all employees (120 homes)	IN
Purchasing	Preference for local products (closed borders)	AD			Maintenance of the value chain (vertical integration); ceding of surpluses	AD

Source: the authors. The evaluation (EV) column indicates, in accordance with authors' analysis, the presence of dynamic capacities for adaptation (AD), flexibility (FL), and innovation (IN).

Variables and indicators at the meso level identify the characteristics of the sector (Hao et al., 2020): (1) the dynamism of the sector: measured by the growth in the number of companies and employees and the value of the industry; (2) competitiveness: size of companies (Alonso et al., 2022; Juergensen et al., 2020; Liu & Nazareno, 2024), market fragmentation, and asymmetry between micro, small, and large companies (Verick et al., 2022); and (3) competitive rivalry: the concentration of the market share in large companies (Caves, 1992). Labor market variables include salaries, absolute and compared to other sectors, informality and partial contracts, and inclusivity (women and young people) (Sánchez-Cubo et al., 2023; Soares & Berg, 2022; Wang & Cheung, 2024). A summary of the variables and indicators that measure the structure of the sector is provided in Table 2 (Table 2. Variables and indicators at the meso level—structure of the industry).

Variables and indicators at the macro level: the actions of governments and institutions are classified according to (1) time, duration, and variability between territories as predictors of the decrease in consumer demand; (2) the measures and support provided to families and companies by governments and institutions, indicated by the percentage of gross domestic product (GDP) (Aarstad et al., 2024; Chetty et al., 2020; Soares & Berg, 2022); and (3) the existence and extension of public health services, with two indicators (% of lethality of the virus and % of vaccinated population) extracted from the JHU-CRC (Rombach et al., 2023). A summary of these variables is provided in Table 3 (Table 3. Variables and indicators at the macro level—actions of institutions and governments).

Table 2. Variables and indicators at the meso level—structure of the industry.

	Period	2018	2019	2020	2021	2022	2022/2018	Evaluation
Sector dynamism: evolution of number of firms, employment, turnover				Number of firms				
	Mexico	584,023	637,124	517,124	641,279	674,826	15.55%	Fav
	Spain	260,306	261,442	253,350	260,581	265,125	1.85%	Unfav
				Number of employees				
	Mexico	2,260,000	2,510,000	1,790,000	2,310,000	2,520,000	11.50%	Fav
	Spain	1,207,960	1,262,971	1,114,445	1,145,013	1,271,964	5.30%	Neutral
				Turnover in the local currency				
	Mexico Mill	452,490	592,172	344,230	450,739	549,120	21.36%	Fav
	Spain '000	51,268,615	54,209,610	32,807,314	44,169,721	61,241,052	19.45%	Fav
Firm's demography: size, concentration, and fragmentation				Average size in number of employees				
	Mexico	4.00	3.94	3.46	3.60	3.73	−6.64%	Unfav
	Spain	4.60	4.80	4.40	4.40	4.80	4.35%	
				% share micro firms (less than 10 employees) in the total n. of firms				
	Mexico	96.10%				95.60%	−0.52%	Unfav
	Spain	95.43%	95.29%	95.74%	95.68%	95.58%	0.16%	Unfav
				% share of micro firms in the total employment				
	Mexico	71.10%						
	Spain	24.84%	23.92%	23.84%	21.87%	21.25%	−14.45%	Unfav
				% share of medium and big firms (more than 50 employees) in the total no. of firms				
	Mexico	0.35%				0.53%	50.52%	Fav
	Spain	0.31%	0.34%	0.34%	0.33%	0.44%	41.94%	Fav
Labor market indicators: wages, type of contract, and employment of women and youth				Average wage of the sector (monthly basis MXN/EUR)				
	Mexico	3890.00	4160.00	3860.00	4640.00	4740.00	21.85%	Fav
	Spain	1195.44	1213.48	1178.08	1219.40	1389.90	16.27%	Fav
				Ratio of sectoral wage to average economy wage				
	Mexico	0.97	0.97	0.86	0.94	0.92	−4.94%	Unfav
	Spain	0.60	0.60	0.56	0.56	0.58	−2.99%	Unfav
				Informal contracts (% occupied persons)				
	Mexico sector	68.70%	69.10%	70.50%	71.80%	71.00%	3.35%	Unfav
	Mexico economy	56.70%	56.50%	54.20%	56.30%	55.60%	−1.94%	
				% employees with part-time contracts				
	Spain sector	22.60%	23.10%	23.50%	24.10%	21.70%	−3.98%	Unfav
	Spain economy	13.90%	14.00%	13.80%	13.40%	12.80%	−7.91%	
				% women of total employees				
	Mexico	58.87%	55.20%			32.91%		Fav
	Spain	50.40%	51.20%	50.00%	51.20%	51.00%		Fav
				% salary gap between men and women				
	Mexico	−22.14%	−22.94%	−16.92%	−19.57%	−20.53%		Unfav
	Spain	−27.03%	−20.31%	−22.48%	−21.22%	−21.22%		Unfav
				% women with part-time contracts				
	Spain sector	28.20%	29.60%	29.10%	29.50%	30.70%	8.87%	Unfav
	Spain economy	22.70%	22.80%	22.30%	21.70%	20.60%	−9.25%	
				% youth of total employees (less than 25 yo in Mexico; less than 30 yo in Spain)				
	Mexico	9.91%	11.30%	19.91%	25.83%	34.20%		Fav
	Spain	24.80%	26.00%	23.00%	25.00%	27.70%	11.69%	Fav

Source: the authors; data from INEGI, INE, Datamexico, HdeE, and other institutional sources. Censos Económicos México (INEGI) https://www.datos.gob.mx/busca/dataset/censos-economicos-2004-2014/resource/4082c2dc-ebdd-47f9-8723-731362e90107 (accessed on 30 September 2024); Instituto Nacional de Estadística de España (INE) Empresas https://ine.es/dyngs/INEbase/es/categoria.htm?c=Estadistica_P&cid=1254735576550 (accessed on 30 June 2024); DIRCE (census of firms) https://ine.es/dyngs/INEbase/operacion.htm?c=Estadistica_C&cid=1254736160707&menu=resultados&idp=1254735576550#_tabs-1254736195586 (accessed on 30 June 2024); Labor market https://ine.es/dyngs/INEbase/es/categoria.htm?c=Estadistica_P&cid=1254735976594 (accessed on 30 June 2024). Table 2 groups the indicators of sectoral dynamism (number of firms, employees, turnover) and its evolution in the acute phase of the pandemic (2020–2019) and in the transitional to the new normal of post pandemic (2019 to 2022). The sector's concentration, fragmentation, and asymmetry among big and small firms is also relevant to ascertain if the sector is favorable or unfavorable for the incumbent firms. Finally, the assessment of the favorability of the sector to employees was conducted with wage evolution, comparison with other sectors, and the percentage of female and youth workers. The informality of the sector was measured with the Mexican statistic of workers with informal contracts and with part-time contracts in Spain. The evaluation column shows the authors' assessment of this industry feature as favorable (hospitable structure) or unfavorable (hostile structure) for incumbent firms. A neutral effect is also assessed.

Table 3. Variables and indicators at the macro level—actions of institutions and governments.

	Mexico	**Spain**
Time of restrictions (confinements, temporary closures, partial openings)	Total confinement from March to May 2020. Partial openings from June 2020 to May 2021. Freedom for movements inside Mexico for residents and foreigners.	Total confinement from March to May 2020. Partial openings and freedom of movement: partial restrictions from June 2020 to November 2021, depending on local authorities (Autonomous Community, Provinces, Neighborhoods).
Supporting measures and intensity of them for firms and employees	% of GDP in backing measures: 0.6% in 2020. There were no specific supporting measures for firms nor incentives to retain workers.	% of GDP in backing measures: 1.46% (2.43% EU average in 2020, 1.04% in 2021). The national government paid 70% of the wage for nonessential workers from March 2020 to November 2021, instead of the employer, depending on the sector and the location.
National Health System	Coverage of Active Workers. Emergency attention for the rest of the population. Mortality rate of 4.5% of declared cases. Vaccination index: 77.53% population with at least one dose.	Universal. Mortality rate of 0.9% of declared cases. Vaccination index: 88.43% population with at least one dose.

Source: the authors. Institutional declarations and generalist and sectoral newspapers. John Hopkins University Coronavirus Resource Center https://coronavirus.jhu.edu/ (accessed 30 September 2024). Table 3 summarizes the actions enacted by the (national, regional, local) authorities in Mexico and Spain, during the acute and transitional phases: confinements and mobility restrictions, supporting measures for firms, families, and individuals and their intensity, expressed in % of GDP. Also, the situation of the National Health System and mortality/vaccination rates are summarized.

The control variables are as follows: (1) the relative importance of the sector in the economy and thus its total contribution to gross domestic product (GDP) and employment and (2) the existence of employment alternatives, measured by the percentage of unemployment and the active population in employment. These variables and indicators are provided in Table 4 (Table 4. Control variable indicators and measures. Importance of the sector in the national economy and situation of the labor market).

Table 4. Control variable indicators and measures. Importance of the sector in the national economy and situation of the labor market.

		% Number of Firms		**Ratios**	
Importance of the sector for the national economy		2015	2022	2022/2015	2022/2018
	Mexico	10.98%	12.22%	11.29%	−7.91%
	Spain	7.92%	7.73%	−2.40%	−0.91%
		% number of employees			
	Mexico	7.71%	8.50%	10.28%	−3.45%
	Spain	5.60%	6.19%	10.45%	−0.95%
		% turnover of GDP			
	Mexico	2.40%	2.22%	−7.48%	−9.11%
	Spain	3.90%	4.19%	7.48%	−1.64%
Labor market, total economy		% of unemployment			
	Mexico	4.35%	3.27%	−24.79%	−6.60%
	Spain	22.06%	13.04%	−40.90%	−14.55%
		% of Active Workers in population			
	Mexico	57.86%	59.76%	3.29%	−0.59%
	Spain	59.50%	58.40%	−1.85%	−0.43%

Source: the authors. Data Mexico https://www.economia.gob.mx/datamexico/es/explore (accessed on 30 September 2024). Instituto Nacional de Estadística (INE, Spain). National economic accounts https://ine.es/dyngs/INEbase/es/categoria.htm?c=Estadistica_P&cid=1254735576581 (accessed on 30 June 2024). The importance of the restaurant sector in the national economy is expressed as the share (%) of firms and employees and % turnover of GDP. The starting figure is the one of 2015, and the evolution of the period 2015–2022 shows that, in spite of a growing (Mexico) share in the number of firms, the share of employees and % turnover of GDP has decreased. On the contrary, Spain has less firms but more employees and an increased share in total turnover. The situation of the labor market highlights the % of the active population in the total population (that includes children, seniors, and non-active individuals) and the % of unemployment.

3.3. Dependent Variables: Business Recovery and Employee Attrition

The dependent variable of the speed and solidity of the sector's business recovery is analyzed through (1) the evolution of the number of companies, turnover, and employment and (2) indicators of dynamism and growth, the creation of new companies, exits, and entrepreneurship, through the self-employment rate in total employees (Aarstad et al., 2024; CANIRAC, 2020; Carvalho & Valdés, 2020; Dogru et al., 2023; Hamouche et al., 2023; Hoehn-Velasco et al., 2021; Liu & Nazareno, 2024), for Mexico and Spain, in the time period from 2015 to 2022. When possible, figures from 2023 are also shown, although these are not available for all of the indicators. The impact on the industry's demography and turnover in the acute phase is shown with the difference in the absolute figures between 2019 and 2020. The performance in the transitional and new normal, post-pandemic phases is shown by the percentage of difference of 2022 values on 2019 ones. Details of the values and their ratios are provided in Table 5 (Table 5. Dependent variable: recovery of the industry. Evolution of performance and employment variable indicators and measures.).

Table 5. Dependent variable: recovery of the industry. Evolution of performance and employment variable indicators and measures.

	Firm Demography (Number of Firms)							**Rate**	
	2015	2018	2019	2020	2021	2022	2023	2020/2019	2022/2019
Mexico (1)	451,854	584,023	637,124	517,124	641,279	674,826	702,497	−18.83%	5.92%
Spain active firms (2)	252,354	254,496	252,011	253,554	245,103	248,329	231,828	0.61%	−1.46%
Spain outlets (2)		279,396	280,078	282,576	274,393	279,516	262,508	0.89%	−0.20%
Spain registered firms (3)		260,306	261,442	253,350	260,581	265,125			
Employment (number of employees)									
Mexico	2,040,000	2,260,000	2,510,000	1,790,000	2,310,000	2,520,000		−28.69%	0.40%
Spain	1,001,294	1,207,960	1,262,971	1,114,445	1,145,013	1,271,964		−11.76%	0.71%
Turnover (total billing in the local currency)									
Mexico Mill MXN	556,185	452,490	592,172	344,230	450,739	549,120	565,537	−41.87%	−7.27%
Spain '000 EUR	42,016,497	51,268,615	54,209,610	32,807,314	44,169,721	61,241,052		−39.48%	12.97%
% new firms in the total census (active for less than one year)									
Mexico (4)			20.97%	12.85%				−38.72%	
Spain (1)	26.46%	27.08%	25.08%	25.86%	22.35%	19.98%		3.11%	−20.33%
% closures in the total census									
Mexico (4)			20.81%	24.92%				19.75%	
Spain (1)	15.70%	15.10%	15.00%	14.20%	11.60%	14.40%		−5.33%	−4.00%
% self-employment/entrepreneurship (total employees)									
Mexico		38.42%			31.00%				
Spain (5)	23.11%	17.92%	17.65%	20.10%	18.56%	16.66%		13.84%	−5.65%

(1) The 2020 figure is an estimate the authors built from Deloitte's estimation of around 120,000 closures during the pandemic. (2) DIRCE–INE https://ine.es/dyngs/INEbase/operacion.htm?c=Estadistica_C&cid=1254736160707&menu=resultados&idp=1254735576550#_tabs-1254736195586 (accessed on 30 June 2024) (3) INE, Structural statistics of the Service sector (table 3179) https://ine.es/dyngs/INEbase/es/operacion.htm?c=Estadistica_C&cid=1254736176865&menu=ultiDatos&idp=1254735576550 (accessed on 30 June 2024). (4) INEGI, special study on firms' demography (Estudio sobre Demografía de Negocios EDN 2020, Service sector). (5) People enrolled in the self-employment register (Régimen especial de trabajadores autónomos RETA), total hospitality (accommodation and food service) https://www.ine.es/jaxiT3/Tabla.htm?t=49343&L=0 (accessed on 30 September 2024). Table 5 shows the yearly evolution of the demography of firms, total employment, and turnover (Mexico and Spain, from 2015 to 2022–23). Indicators of dynamism (growth–decrease ratios) and vitality (% new firms, % closures, % of entrepreneurs (self-employed) in total employees).

The dependent variable of employment in the sector and its evolution, from the great resignation to quiet quitting, is measured through varied indicators. The first indicator of the magnitude of the pandemic outbreak in the sector is the loss of jobs from 2019 to 2020 (Dogru et al., 2023; Sharma et al., 2021), as reflected in Table 4. To measure the effect of the transitional and new normal phases on employment (Leoni & Moretti, 2024; Makona et al., 2023) and given the absence of a common indicator for different geographical regions regarding pervasive resignations or the reluctance to return to work, we have considered the indicators identified in previous studies (Dogru et al., 2023; Hamouche et al., 2023; Liu-Lastres et al., 2023b, 2024):

- Voluntary quitting in the US: Statistics on the number of people (and percentage of total employees) leaving employment from the Department of Labor of the United States are displayed in Figure 2. The bars represent the number of people (in thousands), and the lines represent the percentage of employed individuals who have given up employment in the economy as a whole (excluding agriculture) and in the hospitality and food and beverage industry (Acc + FS). The percentage of people leaving employment in the hospitality and food and beverage industry (Acc + FS) reached 5.83% of total employees in 2022, double the figures for the economy as a whole (excluding agriculture).
- Total number (in persons) of job losses: In Mexico, job losses due to company closures (an estimated 120,000 companies (Deloitte Mexico, 2021)) reached their peak one year after the onset of the pandemic, in 2021 (Data México). This time frame, presented in Figure 3, indicates not only employee attrition, including those who voluntarily gave up their jobs, but also the absence of new revenues. In terms of the economy, according to data from the National Occupation and Employment Survey (ENOE), during the first quarter of 2021, there were 773,252 resignations whose motivations were analyzed in the report "Post pandemic and labor adaptability in Mexico" (OCCMundial, 2022), indicating that 71% of those employed consider resigning, 59% are seeking better salary and conditions, and 55% are seeking professional advancement and development. The report also noted that 41% of the human resources managers in large companies noted an unusual spike in the number of resignations motivated by "physical and mental exhaustion".
- Reluctance to work in the hospitality sector, European Union: Job vacancy rate (JVR): the total proportion of vacant jobs expressed as the following percentage: JVR = number of vacant jobs/(number of occupied posts + number of job vacancies) × 100. Figure 4 shows the evolution of the percentage of job vacancies from 2017 to 2024 as a percentage of the total number of available jobs in the EU27 (without the United Kingdom) and five countries of Southern Europe (Spain, France, Greece, Italy, and Portugal) for the accommodation and food and beverage service activity sector. This indicator should take into account the negative relationship between job vacancies and unemployment, the Beveridge curve: in periods of recession, there are few job vacancies and high unemployment, whereas in periods of economic expansion, there are more job vacancies, and the unemployment rate is low (Eurostat). In the case of Spain, just as in Greece, a high level of unemployment in the economy as a whole (averaging 12.2% in 2023–Q12024) is accompanied by a low job vacancy rate (0.9%), whereas in France and Italy, lower levels of unemployment indicate more job vacancies.

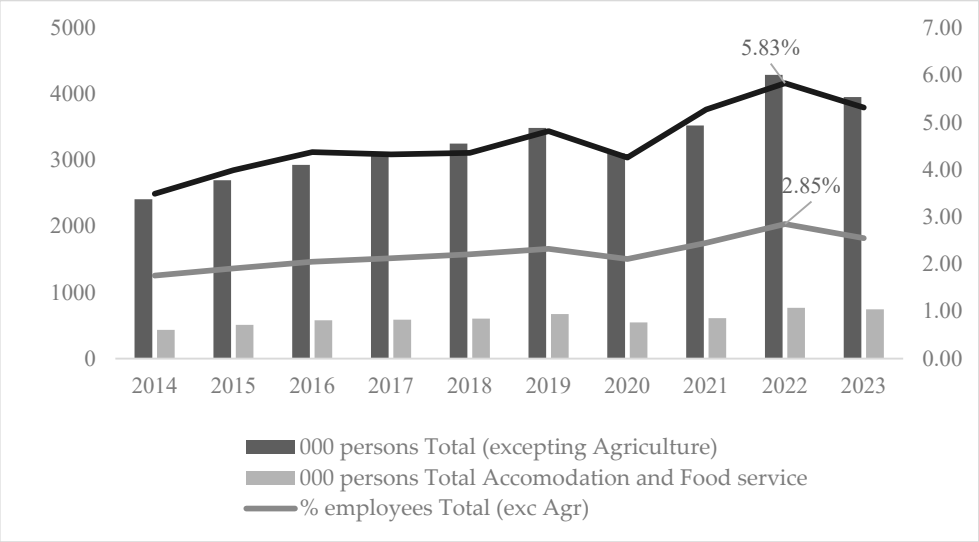

Figure 2. Leaving employment evolution (United States of America). Total (excepting Agriculture), accommodation and food service. Source: U.S. Bureau of Labor https://data.bls.gov/multi-screen?survey=jt (accessed on 1 September 2024) (Series ID JTS000000000000000QUL total non-farm and JTS720000000000000QUL accommodation and food service). Columns depict the number of persons that left their employment in each period, and lines depict the percentage of total employment. The percentage for the accommodation and food service sector increased in 2021, and in 2022 (5.83%), it was double the one of the total economy (2.85%), even though it was higher than in previous periods. The 2023 figure keeps this difference, signaling a higher rate of resignations in the accommodation and food service sector.

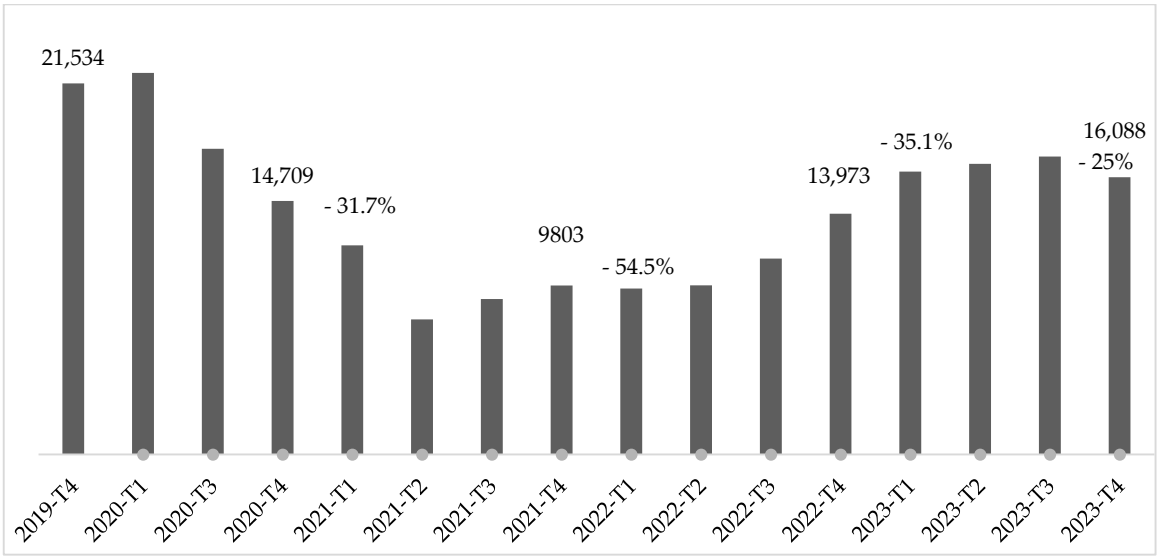

Figure 3. Time evolution of the average number of employees in the sector of food and drinks preparation and service (722) in Mexico. Source: Data México, sectorial data of accommodation and food service sector. Details of employment and wages. https://www.economia.gob.mx/datamexico/es/profile/industry/accommodation-and-food-services?occupationMetrics=workforceOption (accessed on 30 September 2024). Columns depict the number of employees in each period. The percentages show the variance in the absolute figure in the last quarter (Q4) of each year, compared with the absolute figure in Q4 2019. In spite of the fact that the indicator does not capture the full number of workers (self-employed, families), it reveals the great fall and the slow recovery in the sectoral employment.

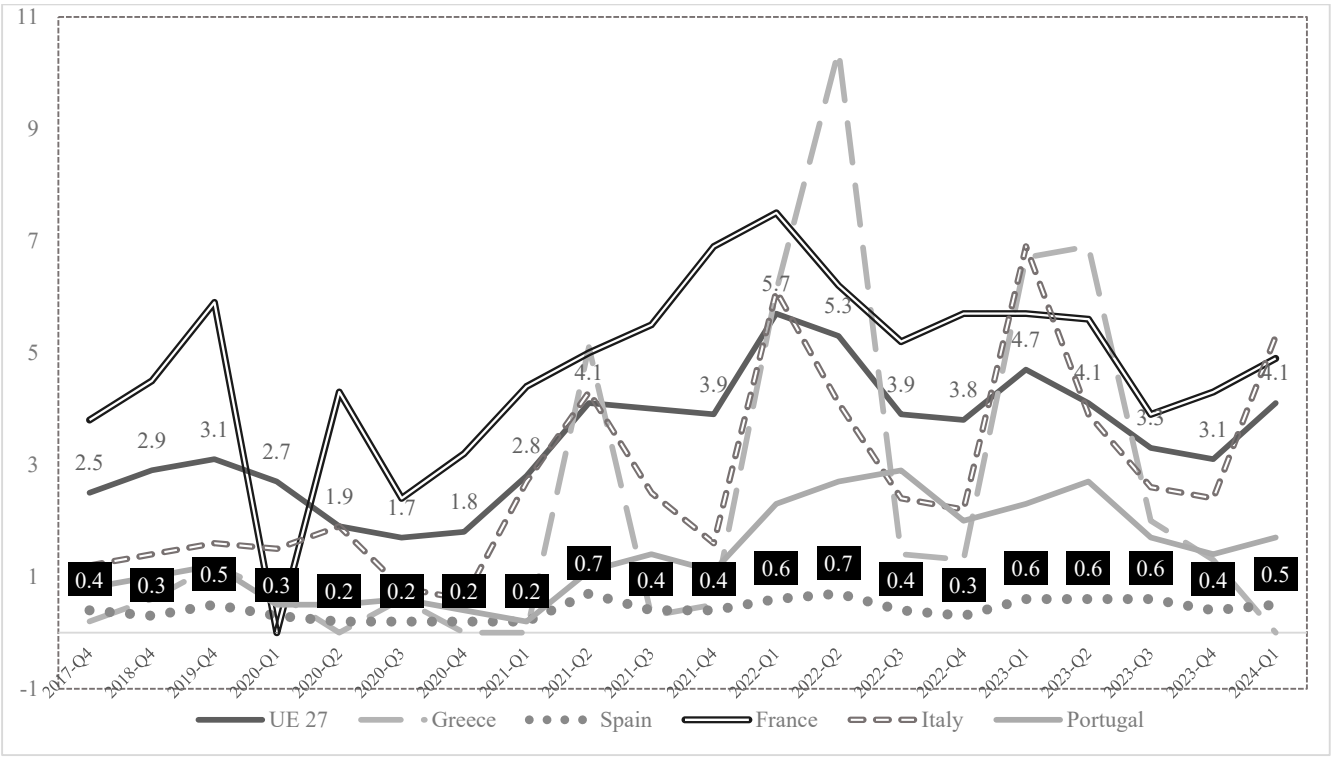

Figure 4. Job vacancy rate: vacant positions in the accommodation and food service sector. European Union (27 countries, post Brexit) and countries in South Europe (Greece, France, Italy, Spain, and Portugal). Source: Eurostat, job vacancy statistics by NACE Rev. 2 activity—quarterly data. https://ec.europa.eu/eurostat/databrowser/view/jvs_q_nace2__custom_11992690/default/table (accessed on 1 June 2024, last updated May 2024). Bold line shows the evolution of unfilled vacancies in the Union since 2019, when vacancies were around 3.0% of the total employment, increasing to 5.7–5.3 in 2021 and continuing to be a little higher during 2023 and 2024. Country lines show seasonal variations (Q2–Q3) in France, Italy, and Greece, while the pattern in Portugal is more stable. In the figures for Spain, white numbers in black boxes show the lower rate of unfilled vacancies.

3.4. Sources of Data for Variables and Indicators

The secondary sources included the Instituto Nacional de Estadística y Geografía, INEGI Mexico, and Instituto Nacional de Estadística, INE Spain, with regional and global data drawn from the European Union statistics portal, Eurostat, and the Economic Commission for Latin America and the Caribbean, CEPALSTAT. In the case of private companies, information was collected from primary sources (interviews with company owners and managers conducted by the research team, specifically, five in Mexico and four in Spain) and secondary sources, including company publications and data from Orbis—Bureau van Dijk—and the Bolsa Mexicana de Valores (BMV) (The research sample for primary sources was a convenience one in the case of Mexico, where (2) current managers of ALSEA and CMR were consulted during the preparation of the case, and (3) experts (gastronomy scholar, member of the Hospitality Trade Union, and manager of the business federation, CANIRAC) were interviewed by phone by one of the authors in the pandemic outbreak, March to May 2020. Subsequent talks with the gastronomy scholar were conducted during the transitional phase, to refine and support conclusions. In the case of Gastronomía José María, the case is a cooperative effort between an academic institution and the firm, who collaborated from 2019 to 2021 to prepare a business case for gastronomy and Business Administration students. In this case, we had the chance to interview all the subjects of interest. The interviews were conducted by a team of two researchers in personal and virtual interactions, with the President and founder, the General Manager, and the human

resources manager. Additional observations of the sites of the businesses, examination of social networks, and updating of information were, since then, held in 2022 and 2024 and reviewed with the support of the secretary of the Spanish business federation, Hostelería de España).

4. Results: Multilevel Analysis Balanced Results

Accordingly, with the research model, the balanced results consider the different levels of effects that each one of the dimensions (micro, meso, and macro) has on the results, quantified and discussed because of the impact on economic and employment recovery. The validation of each one of the groups of propositions is discussed with the evidence compiled in Table 5.

4.1. Micro Level: Group 1 of Propositions—Company Actions During the Pandemic and Recovery Periods

The company actions are grouped in Table 1 in accordance with Porter's value chain (Porter, 2001) and evaluated in terms of the dynamic capabilities vision (Teece, 2007). The focus is placed on the redeploying, reconfiguring, and renewing capacities to adapt, make more flexible, and renew resources to match environmental instability (Helfat, 2009). Talent management strategies that were particularly singular during this period are detailed (Camilleri et al., 2024; Liu-Lastres et al., 2024; Presti & Mendes, 2023).

4.1.1. Mexico: CMR and ALSEA

ALSEA was founded in 1997 and has since expanded internationally (ALSEA, 2021), and CMR, Corporación Mexicana de Restaurants, was founded in 1965 and is one of the first Mexican restaurant chains (CMR, 2021). These two companies were chosen because of the similarity of their businesses, the creation and management of food and beverage services companies, despite their differences in size (employees and turnover, see Table 6) and geographical locations, multinational or Mexico. Both companies are listed on the stock market and are headquartered in Mexico. According to specialists in the sector, these companies are leaders in their market segments and pursue different business strategies (ALSEA focuses on fast food and family restaurants; CMR focuses on full-service restaurants) and thus provide complementary insights into the nature of the sector (Eisenhardt, 2021; Thomas, 2006).

Table 6. Summary of performance and financial results: ALSEA and CMR (2019–2022).

	2019		2020		2021		2022		2021/2019		2022/2019	
	ALSEA (1)	CMR	ALSEA	CMR	ALSEA	CMR	ALSEA	CMR	ALSEA	CMR	ALSEA	CMR
Sales (Mill MXN)	57,444	2908	38,495	1998	53,379	2658	68,831	3346	−7%	−9%	20%	15%
Operating profit (Mill MXN)	3568	12	−1517	−565	4132	21	6368	180	16%	75%	78%	1400%
% ROS, Op profit on sales	6.20%	0.40%			7.70%	0.80%	9.20%	5.40%	24%	100%	48%	1250%
Number of employees	81,126	5365 (2)	63,819	6800 (3)	70,827		76,382		−13%		−6%	
Share price (MXN, August 1st)	40.99	3.4	21.13	2.29	38.83	2.04	38.58	1.22	−5%	−40%	−6%	−64%

Source: Mexican Stock Exchange (*Bolsa Mexicana de Valores*)—Orbis, Bureau van Dijk. (1) Yearly reports (*Memoria*) ALSEA. (2) Interview with C. Fontana (*El Economista* MX). (3) Authors' estimation after the purchase of Sushi-Itto (2020).

During the pandemic, a succession of closures and restrictions was ordered by the different national, state, and municipal governments in Mexico throughout 2020 and 2021 (alerts, closures, an orange/yellow alert system, restrictions on capacity and operating hours, with a relaxation in the fourth quarter) (Deloitte Mexico, 2021). The effect on company activities is reflected in lost revenues (net income) and a decrease in operating results (net income less operating costs) in millions of Mexican pesos (MXN) and in market value (MXN per share), as indicated in Table 6.

4.1.2. Spain: Gastronomía José María

Gastronomía José María is a family company based in Segovia (Autonomous Community of Castilla y León, Spain), which, in 2024, had various business liens (restaurant, farm, delivery, events, and catering) and 90 employees between kitchen and service, cleaning, maintenance, and administration staff. Between 2020 and 2021, the business was severely impacted by successive confinement orders and closures ordered by the central and community governments. Specifically, the city of Segovia experienced long periods of confinement, which affected mobility and tourism, a key driver of the local economy. Data for sales, employment, and operating results between 2018 and 2022 are provided in Table 7 (eInforma, 2024).

Table 7. Summary of performance and financial results of Gastronomía José María (2018–2022).

	2018	2019	2020	2021	2022	21/19	22/19
Sales ('000 EUR)	7501	8518	5799	5511	8302	−35%	−3%
EBIT ('000 EUR)	798.1	1077.5	203.6	743.3	643.3	−31%	−40%
% EBIT on sales	10.6%	12.6%	3.5%	13.5%	7.7%	7%	−39%
Number of employees	83	94	99	48	90	−49%	−4%

Source: eInforma.

The comparison of the available data on ALSEA and CMR with the sectoral evolution in Mexico (Table 5) shows that they have experienced a faster recovery post pandemic. The revenues in 2022 (sales in EUR) were higher than those obtained before the pandemic (2019), +20% and +15%, respectively. This was not the case with Gastronomía José María, which experienced a decline of 3% from 2019. In terms of employment, in 2022, ALSEA reported 78,944 employees worldwide, representing a decrease compared with 2019 (81,126 employees). In the Mexican operation, the figure of 35,300 employees is lower (−10%) than that for 2019, with a stable ratio of women (48%). According to the 2022 Financial Report, the company continued offering salaries above the average for the sector, indefinite or permanent contracts, training, and a commitment to women's inclusion. CMR is recognized by industry experts as a company that protects and works to retain talent, with exceptional behavior during the pandemic in reaching agreements with other employers. This was reported by company managers but could not be confirmed by external sources. The company was able to retain 80% of its staff during the confinement period; however, the absence of data on employees in CMR's financial reporting and company data suggests that this type of data is not considered relevant for companies listed on the Mexican stock market. In this context, CMR is no exception. For Gastronomía José María, employment was not completely recovered, and the company had fewer employees in 2022 (90 persons) than in 2019 (94 persons).

The analysis of the actions undertaken by these three organizations during the pandemic and recovery periods, presented in Table 1, is now discussed in accordance with the dynamic capabilities vision: (1) the capacity for adaptation (AD), in which existing resources are redeployed; (2) the capacity for flexibility (FL), in which resources are reconfigured, augmented, or reduced; and (3) the capacity for innovation (IN), in which the company renews and acquires new resources, oriented toward gaining a competitive advantage. We observed that innovative actions (IN) were more common in CMR, two being unique in the sector: harnessing dormant resources, service in cinemas, and transferring employees to other companies, with shared salary schemes. The three business groups were effective in adapting (AD) and redeploying (FL) resources in accordance with the macro environment (Salem et al., 2021): Gastronomía José María adapted to a scenario that involved support but also restrictions imposed by the central government, whereas ALSEA took advantage of the greater flexibility in Mexican regulations to carry out layoffs.

This negative practice in talent management did not result in slowed business recovery or hinder growth in employment (compared with CMR and Gastronomía José María); it is probable that their consideration as a "employer brand" (Manoharan et al., 2023) helped them to overcome this potential threat (Shulga & Busser, 2024).

The ratio of operating results to sales was greater in 2021 and 2022 than in 2019 for both CMR and ALSEA, which demonstrates the effectiveness of innovations in the value chain and business models that have attracted more young, urban clientele (development of apps for an internal home delivery service, adaptation of the supply chain, closure of less productive business units, etc.). The results of their ambidextrous behavior are similar to those described in previous research, particularly in emerging restaurant sectors (Makona et al., 2023; Rombach et al., 2023). However, the markets have punished both companies, especially CMR (which, despite reaching a share price of MXN 3.11 in 2023, has been on a downward trend, with a share price of MXN 1.4 in July 2024, below that of 2019; ALSEA reached MXN 65.96 per share in 2023, remaining stable in 2024). Nevertheless, the sector remains attractive for investors considering the difficulties in financing experienced by most companies (Sharma et al., 2023). With respect to Gastronomía José María, in 2022, the owners undertook operations to spur growth financed through capital expansion and debt; this combination of actions, along with a reorganization of operating accounts, has meant that the company has been classified as highly resilient with low risk, better than the sector, but its EBIT on sales in 2022 was 7.7%, lower than that in 2019 (12.6%; eInforma).

Thus, with the examples of these three organizations, we cannot fully confirm Proposition 1a: companies with talent management practices deemed negative for employees have fewer dynamic capacities, delayed economic recovery, and greater employee attrition. The case of ALSEA demonstrates that preexisting resources and capacities allowed the company to compensate for the potential negative impact of these practices on company results. The examples of CMR and Gastronomía José María confirm Proposition 1b: motivated employees accept changes in their functions and routines, adapt to new circumstances, maintain their ties to the company, and remain available to face the challenges of recovery. Proposition 1c seems to be not fully endorsed, as ALSEA's activities were also innovative; the rich array of activities developed by CMR and Grupo José María, in spite of their minor size and geographical and business scope, fully support that companies with talent management practices deemed positive for employees are able to develop more innovative, creative sources of business to cope with demand shortfall.

4.2. Meso Level: Group 2 of Propositions—Relationship Between Industry Structure and the Impact of the Pandemic on Companies and Employment

Propositions 2a and 2b posit that a hostile or unfavorable industry structure delays business recovery and increases employee attrition, whereas a welcoming, favorable structure leads to faster economic recovery and the retention of employees. The explanatory variable, the qualification of the industry structure, comes from the evaluation conducted by the authors and detailed in Table 2. The balanced results, in terms of economy and employment recovery, are achieved through the comparison of the relative ratios of firms' growth, turnover, and employees, in the two periods of the pandemic, the first, acute one (2020 on 2019) and the transitional and new normal, post-pandemic period (2022 to 2019). Secondary data and the statistical comparison of ratios and means are used, following (Aarstad et al., 2024), who demonstrate that small companies had a worse evolution in terms of turnover than bigger ones; Liu and Nazareno (2024) also found differences in the failures (exits) of SMEs in the US, by a regional comparison of similar time frames. In their study of the Japanese restaurant industry, Oikawa and Onishi (2024) also conducted a comparison on entrances and exits, using secondary data. Gomes et al. (2022) examined the regional impact in the sector by means of profitability (ROA and ROE) with Orbis—

Bureau van Dijk—databases. Unfortunately, these data on profitability are not available for Mexico; thus, we did not include them in the statistical database. As shown in Table 5, the evolution of revenues (2022/2019) is negative in Mexico, whereas in Spain, it remains positive in nominal terms (12.97%) but does not consider inflation (14.4% from January 2019 to December 2022, INE).

The data provided in Table 2 suggest that the structure of the industry can be classified as globally unfavorable, or hostile, in Spain, with less market dynamism and a greater weight of large companies in terms of revenues, and moderately favorable, or hospitable, in Mexico, where there is more dynamism, and large companies have less weight. The systematic evaluation of the business environment during the period 2015–2023 reveals that the sector suffers from structural shortcomings, such as the concentration of small companies (fewer than four employees in Mexico) and the high proportion of employee unremunerated family members (Mexico) that is somewhat disguised by a 5.8% annual growth rate in Spain and 5% in Mexico in the years prior to the pandemic, 2015–2019 (INE, INEGI).

In these two countries, the sector is fragmented and populated by micro and small firms. Successfully overcoming the crisis requires greater and better deployment of company resources (Bamiatzi & Kirchmaier, 2014; Lee et al., 2024), which are not distributed uniformly. Approximately 29% of players in the global tourism sector are self-employed entrepreneurs, and an additional 29% are micro-companies with fewer than nine employees (Ryder, 2020). The immediate impact of lost revenue due to confinement was greatest for small companies with limited capital (Carvalho & Valdés, 2020; Chetty et al., 2020; Hoehn-Velasco et al., 2021; Sharma et al., 2023). The sector represents 12.2% of all Mexican companies and 7.2% in Spain, the vast majority of micro-companies (95%) with fewer than nine employees (DIRCE-INE; INEGI). This atomization of the sector responds to the realities of consumer habits: Mexican *taquerías* and Spanish bars and cafés are generally small, with fewer than three employees, solidly embedded in local communities, where clients consume light food and beverages in an informal atmosphere. These establishments account for 33% of the sector in Mexico (55% if stalls serving *antojitos* are included) and 64.7% in Spain. Table 8 compares both countries' number of companies and employees by type of service in the pre-pandemic (2018) and post-pandemic (2021) periods. Bars and *taquerías* include cafés, bars, *taco* and *torta* stands, etc. Restaurants include fast food outlets, *antojitos*, full-service restaurants, and takeaway services. The collectives are institutional services, events, and catering.

Table 8. Sectoral demography of food and beverages service, Mexico and Spain, 2018–2021.

	Bars/*Taquerías*	Restaurants	Collectives and Catering	Total
Mexico				
2018 firms	192,356	276,531	115,136	584,023
2018 employees	553,573	1,216,164	277,457	2,047,194
2021 firms	n.a.	n.a.	n.a.	641,279
Spain				
2018 firms (1)	173,368	72,657	14,281	261,442
2018 employees	518,809	536,773	152,377	1,144,225
2021 firms (1)	170,180	74,406	15,995	260,581
2021 employees	467,859	521,055	156,099	1,145,013

Source: Mexican INEGI (https://www.economia.gob.mx/datamexico/es/profile/industry/restaurants-and-other-eating-places) (accessed on 30 September 2024) and Spanish INE (https://www.ine.es/jaxiT3/Tabla.htm?t=36180) (accessed on 30 June 2024). (1) Registered firms. The total number of registered firms as per January of each natural year is higher than the number of active firms.

In Mexico, the number of business units grew by 5.9% between 2019 and 2022, which was greater than the total number of employees (0.40%), as did the number of company

closures (24.9% in services in 2020). In Spain, the number of active companies, as of January 2023, was lower than that in January 2019 (231,898 compared with 252,011). In Mexico, even though the absence of government support and the lack of resources for small units caused the closure of an estimated 120,000 establishments in 2020 (Deloitte Mexico, 2021), the dynamism of the industry produced an increase in the number of establishments: 641,279 in 2021 and 674,826 in 2022, compared with 584,023 in 2018.

In Spain, the sector features a second trait of unfavorable industry, the existence of asymmetry, that is, the concentration of power in big firms. Company closures affected the smallest segment of the market the most: between 2018 and 2021, 3188 bars closed, and 50,950 jobs were lost, accounting for 10% of the total. Furthermore, new consumer habits, such as home delivery or takeout services, have largely benefitted restaurant chains, which have gained market share in Spain from 25% in 2019 to 31% in 2021 (KPMG, 2022).

In both countries, the sector is a major employer (it represented 12.2% of companies and 8.5% of the workforce in 2022, Datamexico; 7.73% of companies and 6.19% of the workforce, INE Spain) and is largely characterized by self-employment in micro-companies created by entrepreneurs and their families (66% of Mexican entrepreneurs are women). In Spain, the sector employs 1.22 million people, the majority of whom are women (52.2%), many working part-time, with a lower percentage of female entrepreneurs (45.2%) (INEGI; Data México; HdeE). This inclusivity, which may make the sector more attractive, coincides with poorer working conditions than in other sectors of the economy: in the case of Mexico, the average monthly salary of MXN 4740 is below the average for all other occupations (ratio of 0.92); in Spain, the ratio is worse, where the average yearly wage for food and beverage services is below the average for all sectors of the economy (0.56) and decreases during the analyzed period (2015–2022). Employees in this sector work for informal companies (Mexico) at a greater proportion than those in all other sectors; there are more part-time or partial contracts (Spain), and women earn less than men do (the salary gap is over 20% in Mexico and Spain). In accordance with these traits, the structure of the labor market can be evaluated as unfavorable for the employees.

As posited in Proposition 2a, the evolution of the number of firms, turnover, and employment confirms that the unfavorable structure of the sector slows recovery with the analysis of the Spanish case showing fewer companies and employees in 2022 than in 2019, although the indicator for unfilled vacancies (see Figure 4) is lower than that in other countries in the EU27. However, and with the example of Mexico, Proposition 2b is not fully confirmed in its entirety: the favorable structure of the sector increases the number of companies but not in terms of income or attracting employees. The number of employees is lower in 2022 than in 2019, accompanied by the wishes of current employees to abandon the sector (OCCMundial, 2022) and high rates of staff rotation (ALSEA, 2021). The impact of the lack of economic activity on employment in Mexico, represented in Figure 3, leads us to infer that, in line with the Beveridge curve (low percentage of unemployment, higher number of job vacancies), employees may opt for other employment or even create their own company, explaining the greater growth in the number of companies without an accompanying increase in the number of persons employed in the sector.

4.3. Group 3 of Propositions: Effect of Institutional Decisions on Companies and Employment

The first estimations of the impact of confinement and mobility restrictions on the tourism sector, produced by various authors, anticipated losses of between 45% and 70% (Ryder, 2020) depending on the duration and stages of these restrictions (Carvalho & Valdés, 2020; Hoehn-Velasco et al., 2021), measured in terms of value, production, and working hours. A study by Sharma et al. (2023, p. 465) estimated a decline in sector profits in the United States of approximately 50%, whereas Verick et al. (2022, p. 160) estimated that,

in 2021, the hospitality sector lost approximately 9.4% of employees, compared with 7.9% for the industrial sector and 3.3% for the retail sector. In this vein, in a primary sources survey, Aarstad et al. (2024, p. 806) found that 78% of hospitality businesses declared decreasing revenues, compared with 52.6% in the whole sample of businesses. In Spain and Mexico (Table 3), the majority of nonessential economic activity was suspended between the 11th and 16th of March 2020, gradually recovering in 2021, with differences at the meso level (municipality, region, and state), which are extremely important in a federal structure (states and autonomous communities) where decisions are decentralized.

The measure of institutional support in terms of percentage of GDP was significantly lower in Mexico than elsewhere (0.6%, compared with 11.8% in the USA) (Soares & Berg, 2022). Employment protection measures were thus left in the hands of companies, which, furthermore, received no fiscal support for the retention of their employees (Hoehn-Velasco et al., 2021). According to a survey on the impact of the pandemic conducted by INEGI, 73.8% of restaurant companies reported responding to the decrease in revenues by cutting both staff (18.4%) and salaries (13.2%). The decrease of 29.3% in the turnover of food and beverage services reduced their contribution to the GDP from 1.11% to 0.87% between 2019 and 2020 (INEGI). Spain applied measures similar to those of other European countries: support for business recovery, although with an investment below the European average in terms of the percentage of GDP (1.46% of GDP compared to the European average of 2.43%), and employment protection, using ERTE mechanisms (Expediente de Regulación Temporal de Empleo), which allowed companies to furlough employees with 70% of their salary paid by the state. The combined impact of restrictions and support can be measured in the contribution of the sector to the GDP, which decreased from 4.4% in 2019 to 2.9% in 2020 and then increased to 4.2% in 2022.

Propositions 3a and 3b, which posit the effect of institutional measures on economic recovery and the support provided to companies and employees, should be considered in light of the varying nature of the actions taken between the critical moment of the pandemic, when restrictions on mobility were taken at the national level, and the de-escalation period, when decisions were left in the hands of the states or regions. Hoehn-Velasco et al. (2021) reported that the varying scenarios for reopening the economy in different states and cities in Mexico, from May 2020 onward, contributed to greater uncertainty and more difficulties in recovering economic activity and employment. In Spain, the Community of Madrid relaxed restrictions before other communities, but this greater flexibility did not translate into higher survival rates for companies (17.3% closed) or entrepreneurs (13.3% ceased their activity) in 2021. Similarly, company turnover did not return to pre-pandemic levels (−31.9% in 2021 vs. 2019, −24.4% in all of Spain), although employment did recover at a better pace than in the rest of Spain (at the end of 2021, statistics revealed a 12.5% drop in the number of employees nationally, whereas in Madrid, the drop was 2.2%). The relaxation of restrictions, within a scenario of global uncertainty measures, had an uneven effect, partly due to differences between companies and partly because consumer confidence did not rebound until vaccinations became widespread (Jones & Alimohammadirokni, 2024; Liu & Nazareno, 2024). The data indicate that while the institutional measures of shutting down establishments and restricting mobility had a positive effect on society by reducing the spread and mortality of the virus (JHU-CRC), they had a negative effect on the sector. However, the experience in the Community of Madrid and certain Mexican states does not permit the complete confirmation of Proposition 3a. The support measures enacted in Spain did not have a measurable positive effect compared with the absence of support in Mexico, neither in terms of business recovery nor in terms of employment. Thus, Proposition 3b cannot be confirmed.

The results of the meso analysis Propositions 2a and 2b confirmed that Proposition 3c, regarding the macro environment, which posits that a hospitable employment environment with job alternatives, or subsidies, will accelerate employment turnover during and after a pandemic, is partially validated. In the case of Mexico and especially in the US, figures show a higher rate of job voluntary resignations; even though subsidies are not universal, there are alternatives in other sectors. But in the case of Spain, in spite of the higher ratio of unemployment, the vacancy rate of the sector is lower than in other European economies; therefore, it cannot be completely confirmed that in the Spanish economy, and in the restaurant sector, the theory of higher unemployment and lower vacancies (Beveridge curve) is accomplished.

With regard to Proposition 3d, which posits that a good public health system facilitates the recovery of the restaurant businesses and sector, the evidence of the quick recovery in the sector induced the non-validation of this proposition, a similar fact found in other emerging countries where the vitality and dynamism of the hospitality industry overcame the concerns of employees and customers, mainly foreign visitors (Jiménez-Medina et al., 2022; Lazaridis et al., 2022; Makona et al., 2023; Salem et al., 2021).

4.4. Balanced Result of the Multilevel Analysis

Table 9 summarizes the balanced effects of the micro, meso, and macro activities on the sector's economic and employment evolution during and after the pandemic. The propositions are partially or fully accepted or rejected in view of the balanced results with data from Table 5 (dependent variable: balanced results. Evolution of performance and employment variable indicators and measures). This holistic view of the impact on the whole sector which complements the analysis of the performance of each one of the business cases is singled out for clarity in Propositions 1a and 1b.

Table 9. Summary of balanced results. Validation or rejection of propositions.

Economic Recovery of Sector	Employment Evolution of Sector	Validation/Rejection of Propositions
Mexico, post pandemic, 2022/2019 +5.92% number of firms −7.27% turnover	Mexico, post pandemic, 2022/2019 +0.4% no. of employees	1a partially accepted: negative talent practices delayed economic recovery and employment (Mexico +5.92% no. of firms and +0.4% no. of employees but −7.27% turnover). ALSEA layoffs did not impact turnover recovery (+20%) but delayed employment recovery (−6.0% no. of employees).
Mexico, acute phase, 2020/2019 −18.82% number of firms −41.87% turnover	Mexico, acute phase, 2020/2019 −28.69% of employees	1b partially accepted: positive talent practices accelerate economic recovery and employment. CMR turnover +15% but Grupo José María −3%. 1c cannot be evaluated with these indicators.
% new entrants 2019 20.97% 2020 12.85% % exits 2019 20.81% 2020 24.92%	Spain, post pandemic, 2022/2019 +0.71% no. of employees Spain, acute phase, 2020/2019 −11.76% no. of employees	2a partially accepted: An unfavorable industry structure delays business recovery (−1.46% new firms) but not employees' attrition (+0.71%). Turnover increases, +12.97%. Sector remains attractive for new entrants (Spain).
Spain, post pandemic, 2022/2019 −1.46% number of firms +12.97% turnover		2b partially accepted: A favorable industry structure accelerates business recovery in terms of no. of firms (+5.92%) but not in turnover (−7.27%). Employee retention is stable in spite of huge destruction in the acute phase (Mexico).
Spain, acute phase, 2020/2019 −0.61% number of firms −39.48% turnover % new entrants 2019 25.08% 2020 25.86% % exits 2019 15.00% 2020 14.20%		3a fully accepted: time of restrictive measures had a heavy effect on turnover and employment (2020/2019) in both countries. 3b fully rejected: the support measures enacted in Spain did not have a measurable positive effect on firm creation and employees' stability, with the absence of support in Mexico. 3c partially accepted: employment environment with job alternatives did not accelerate employees' turnover after the pandemic but reduced attraction (Mexico +0.40%). 3d fully accepted: turnover evolution in Spain (+7.27%) shows the relevance of a public universal health service in relieving customers' and employees' fears.

Source: the authors.

4.5. Actions of Ecosystem Stakeholders: Inter- and Intra-Relations at Micro, Meso, and Macro Levels

Now, we discuss the effect of the inter-related actions between the levels of analysis. From macro to meso level, at the outbreak of the pandemic, public authorities reacted in consonance with their regional links (f.i., countries from the European Union (EU) reacted in a similar way) with some exceptions: in mainland Europe, it was noticeable that confinement and distance measures were compulsory in Southern Europe (Italy, Spain) and voluntary in Nordic countries (Sweden). This reflects a sensitive question, one of local culture in terms of obeying instructions or, even more, respecting social distance when there are strong social links (Jiménez-Medina et al., 2022). Considering employment, supporting measures take the form of individual compensations (US) or employee support (EU) (Soares & Berg, 2022). In the last case, job retention was easier for large and established firms, but, in the restaurant industry, many micro and self-employed firms were obliged to exit, as the reduction in employment costs was not sufficient to compensate for the lack of income (Gomes et al., 2022). During the transitional and new normal, post-pandemic phases, the absence of additional political regulation of the structural gaps in the labor market (informal contracts, part-time, gender-biased payment) made the restaurant sector less attractive and resulted in job resignation and quiet quitting (Hamouche et al., 2023). Thus, the political avoidance of the structural traits of a particular sector results in an enduring employment crisis in a sector that is characterized by high turnover and low employee satisfaction (Stamolampros & Dousios, 2024). We have already confirmed by mean of Group 2 of propositions that the structure of the industry (meso level) is a strong determinant of job resignations. In the case of Spain, a mature industry with a wage and gender gap, the support of institutions (payment during the compulsory lockdown) has been signaled as a moment of reflection about the working conditions in hospitality.

From micro to macro level, it has been said that hospitality firms have legitimacy in asking for compensation (for lost revenues) from public funds (Aarstad et al., 2024). Lobby pressure and economy power from hospitality institutions to local and regional governments explain differences in regional support (Liu & Nazareno, 2024). As hospitality recovery proves necessary for the whole local economy and local employment, a correspondence is found between local support and the survival of firms, specifically SMEs (Zapata-Cuervo et al., 2023). However, in the post-pandemic scenario, the availability of firm resources for renewal (Bamiatzi & Kirchmaier, 2014) stresses the difference between large and small and micro firms, which face difficulties in successfully cooperating with competitors (Crick et al., 2023). Moreover, large firms reap more benefits from public subsidies, as they have the ability, and processes, to ask for them (Aarstad et al., 2024).

From macro to micro level, sensitivity to customer reactions to an unexpected event stands out as one of the major components in business recovery. These three companies deployed dynamic capabilities of adaptation and flexibility in operations but did so with a sound understanding of customers' concerns and needs, giving an example of ambidexterity (Makona et al., 2023). Jones and Alimohammadirokni's (2024) study on the impact of customer fear on dining habits since the pandemic outbreak concluded that it was a devastating variable during the pandemic, but its effects are permanent as they affect the psychological state of the consumer and, therefore, their behavior. Safer alternatives such as delivery and take away took away from dine-in behavior, a pattern also seen in other geographies (Rombach et al., 2023). Oikawa and Onishi's (2024) findings show that, after a huge decrease, the demand for dining in has not recovered yet, and there is not significant evidence of the positive impact. At the end, "customers are at the heart of every successful restaurant business" (Makona et al., 2023, p. 2). This becomes evident in the CMR process of increasing the offering for online orders and easing access (launching Just-wings,

spreading the coverage of Sushi-Itto). The two Mexican companies were signaled by the experts as champions in offering safety measures to both employees and customers, in an environment where some measures were far from compulsory. In the case of José María, their commitment to suppliers and the local community was publicly acknowledged, and the business was chosen as the SME of the year 2020 in Segovia, by Banco de Santander. The turnover figures for these three businesses in 2022 mark their recovery, even though that of Grupo José María was still below the one of 2019, as already discussed. Thus, we consider that, in regard to their actions, and considering their results, customer orientation and active listening stand out as critical activities for firms' and sectoral renewal.

The meso level, however, is in continuous change, especially in turbulent times when successful managers leverage the sources of the firm's competitive advantage (Giousmpasoglou et al., 2021). In the post-COVID-19 scenario, large firms with a sustained HRM policy develop slack resources in terms of trained managers with dynamic capabilities of adaptation and flexibility, which allow them to increase their business scope through franchising, internationalization, and diversification (Lee & Choi, 2023; Salem et al., 2021). Large firms' previous efforts to attract talent give them the qualification of employer brand, even in the case of layoffs during the pandemic (Azhar et al., 2024; Manoharan et al., 2023). In our study, the rate of turnover recovery of ALSEA and CMR outpaced the average of other Mexican restaurants, while Grupo José María, a median-sized company, recovered at a slower pace than the rest of the sector. Even though the government actions were different in the two countries, the evidence is similar to what was found in found in other geographies: larger firms performed better than SMEs in the pandemic and post pandemic, and government support was not enough to overcome the resource gap that, in essence, justified, on the one hand, the lower financial and economic restrictions and, on the other, the better adaptation and flexibility of big companies (Aarstad et al., 2024; Alonso et al., 2022; Liu & Nazareno, 2024; Sharma et al., 2023).

4.6. Recommendations: Insights Obtained from the Multilevel Analysis

The COVID-19 pandemic presented a significant challenge to companies, industries, and governments around the world, which are ecosystems (Chatzinikolaou et al., 2021) that operate within a complex network of local, transnational, and international interrelationships (Amorim et al., 2022; El-Said et al., 2023; Lee & Choi, 2023; Liu & Nazareno, 2024). The non-confirmation of Proposition 1b, positing that post-pandemic economic recovery is hindered by poor labor practices, exemplified by ALSEA (laying off 20% of staff and reducing salaries), leads us to reflect on the impact of other organizational factors (size, access to finance, localization) (Sharma et al., 2023) on the results of their actions during the pandemic period (operations, commercialization, talent management, innovation, etc. (Lai & Cai, 2023)). ALSEA's case also warns us about the importance of benchmarking the business to the local context: what seems a predatory practice in the eyes of a European scholar can be considered a normal behavior for a Mexican one; thus, culture does matter when comparing countries, or locations, a question that is considered a gap in some of the reviewed literature (Jones & Alimohammadirokni, 2024; Makona et al., 2023; Rombach et al., 2023) and, in fact, has not been completely covered in our study, too. In addition, it is remarkable that this pattern matches with the consideration of the "employer brand" (Manoharan et al., 2023). The example of Gastronomía José María, a medium-sized family business, offers insights into the mechanisms of adaptation and resilience activated in response to the crisis (Camilleri et al., 2024; Nguyen et al., 2022), whereas the example of CMR illustrates the evolution of a business model characterized by the creative management of available resources (Makona et al., 2023) and cooperation with potential substitutes, such as grocery chains, to protect employees (Crick et al., 2023); however, its recovery was slower

than in the sector as a whole in Spain, possibly owing to the more prolonged restrictions imposed in Segovia (Gomes et al., 2022).

The organizations that survived the crisis did so by leveraging their sources of competitive advantage within an adverse business environment for all (Alonso et al., 2022; Bamiatzi & Kirchmaier, 2014). ALSEA's preexisting advantages (size, multi-location, multi-business, franchisor and franchisee) (Aarstad et al., 2024; El-Said et al., 2023; Lee & Choi, 2023) enabled it to adapt its human resources policies to local regulations without undermining its attractiveness as an employer brand in Mexico and benefit from rapid recovery, in spite of the layoffs, which were widespread in all activity sectors (Manoharan et al., 2023; Shulga & Busser, 2024). CMR's smaller size and established talent management policy led the company to undertake differentiated and innovative actions that enabled it to recover from the crisis at the same speed as its larger competitor. However, this was not enough to avoid punishment by investors within the context of generalized market uncertainty. Gastronomía José María demonstrated the capacity to adapt to negative circumstances, leveraging its strengths and sources of competitive advantage as a local, family-run business: the shared values of owners and employees (Yeon et al., 2021). The comparison of these firms with the sector shows that the Mexican companies performed better than their competitors in terms of turnover but not in terms of employment. The increase in the productivity ratio (sales/employee) leads to the conclusion of a better redeployment of resources and the quest for efficiency.

Therefore, the selected cases demonstrate the importance of cultural context, social cohesion, and cooperation between professionals as key factors in recovery (Gkoumas, 2022) underscoring the importance of the ecosystem, the most immediate context in which the company operates, and the inter-relations between institutional measures: the greater the degree of institutional protection, the greater the degree of companies' protection of employment and employee health and safety (Aguinis et al., 2023; Presti & Mendes, 2023). However, given the existence of different levels of political authority in decentralized states, as is the case in Spain and Mexico, macro analysis at the national level is insufficient to confirm the relationship between institutional actions and the recovery of the sector and employment (Liu & Nazareno, 2024; Oikawa & Onishi, 2024).

Regarding the labor market, in a context of precarious and limited worker protection, referred to as "modern slavery" (Vaughan, 2023), poor business practices increase the probability of high rates of employee attrition with workers seeking alternatives outside the sector, thus prolonging the crisis (Liu-Lastres et al., 2023a, 2024; Stamolampros & Dousios, 2024). In contrast, responsible leadership, as in the case of Gastronomía José María, can effectively attenuate personal–organizational conflict during a crisis (Camilleri et al., 2024; Seyitoğlu et al., 2023; Stamolampros & Dousios, 2024). Even when the structure of the sector is unfavorable to employees, the example of Mexico demonstrates that companies with a reputation for providing decent wages and working conditions remain attractive employers (Manoharan et al., 2023; Shulga & Busser, 2024).

This study revealed that the lack of equity in the support provided to companies depending on their size and access to resources largely determines the pace and solidity of the recovery of businesses and employment and reinforces inequalities within the industry (Aarstad et al., 2024; Alonso et al., 2022; Verick et al., 2022). The case of Mexico demonstrates that an industry structure favorable to businesses and unfavorable to employees, restrictive measures, and the failure to provide support for companies and employment (Hoehn-Velasco et al., 2021) has further eroded the favorable characteristics of the sector, which required two years to return to pre-pandemic levels of employment (2019) and has yet to return to pre-pandemic levels of revenues (2023). The increase in the number of companies in Mexico, but not in total employment, suggests that self-employment is the solution of

choice in a sector with virtually no significant barriers to entry (27.3% in Spain in 2022 and 38% in Mexico). But the structural high levels of business mortality (accentuated by the crisis in Mexico; closures rose from 20.8% to 24.9% between 2019 and 2020, one in four companies, the same proportion as in Spain) will probably make them exit and will continue to fragment the industry and further accentuate the asymmetry and unfavorable characteristics of the sector.

The results also show the relevance of tailor-made public strategies, instead of the one-size-fits-all strategies generally enacted, which provoke negative externalities (Aarstad et al., 2024; Dogru et al., 2023; Liu & Nazareno, 2024; Oikawa & Onishi, 2024). In the case of Spain, the lack of granularity in support measures within an asymmetrical industry unfavorable to small businesses, along with changes in consumer habits, accelerated the loss of bars and increased the weight of large companies and franchises in the sector (Lee & Choi, 2023). Also, the absence of long-term measures to avoid the failures of the labor market in this sector might explain the enduring effects of the pandemic in the "quiet quitting" from the industry (Hamouche et al., 2023; Stamolampros & Dousios, 2024).

5. Conclusions, Implications, Limitations

This study unveils the importance of meso analysis, that is, an understanding of the structure of the sector at its most basic level, characterized in Mexico and Spain by fragmentation and asymmetry. Here, the impacts of a severe crisis, such as the COVID-19 pandemic, on business and employment sustainability are revealed. In other regional or country contexts, the evaluation of the industry as favorable or not can be different, but our results are in line with those that stressed the difference in the behavior of dynamic or stagnant markets, with a concentration of power, or not, and with low barriers for entry and exit. In an asymmetrical sector with a large presence of micro-companies, generalized public policies are ineffective given that the majority of companies lack the resources to apply them. At the height of the pandemic, the lack of granularity in policies to support companies and entrepreneurs, the majority of whom are self-employed, resulted in many business failures. Throughout the post-pandemic period, measures to stimulate demand and changing consumer habits resulted in a concentration of the market into several large companies and hospitality groups.

The structure of the labor market at the macro level is relevant when using various measurements for the same dependent variable, such as job resignations and quiet quitting. A multilevel analysis, taking a holistic approach, clarifies the link between the actions of companies and employees and institutional measures and restrictions: in Europe, most unemployed individuals continued to receive support during the de-escalation period and could expect to return to the sector, whereas in countries such as Mexico, workers and the self-employed were forced to seek alternatives, possibly risking their health and that of their families. In fact, Mexico was one of the countries with the highest mortality rates due to the pandemic. Therefore, analyzing the effect with the sole help of the figure of new employees, or new entrants, can result in a distorted vision of reality. The study of two geographies, with different sectoral structures, and the experience of three businesses reveals the importance of conducting comparative studies of diverse local contexts, providing greater insight into the impact and potential viability of changes and innovations within the food and beverage service industry.

The sector offers few attractions for employees, which poses a challenge to educators and educational institutions to confront the structural and cultural changes required in the sector, such as greater employee training, remuneration, and integration, reflecting the attitudes and aspirations of young people and facilitating the inclusion and professional advancement of women and migrants. Change involves the ecosystem as a whole, including

the context in which the sector is held by clients and institutions and the recognition of the economic, cultural, and social importance of bars and restaurants in daily life. Given the unique nature of this part of the hospitality industry, bars and restaurants, which make a significant contribution to the GDP and are a fundamental element in the attractiveness of tourist destinations, deserve to have a more focused and adequate response to their needs from sectoral institutions and policy makers. We hope these reflections will contribute to a multifaceted discussion among academics, entrepreneurs, and public officials on the need for change and renewal, which will enhance the health and resilience of this vital sector of the economy.

The firms' actions and outputs indicate that economic recovery requires a dynamic capacity for adaptation and flexibility, offering innovations on the basis of actively listening to clients and deployed by trained and motivated human talent dedicated to the organization. Referring to this active listening to clients, experts pointed out differing attitudes within the restaurant industry: waiting for government support or taking vigorous action to save the business. Some best practices were identified, including adapting to new demands, effectively managing operations, working to safeguard employees' security, even working with other companies, preserving a positive work environment, and upholding the values of the organization. But the balanced results evaluation of the crisis management by these companies warns about the need for a clear set of purposes and priorities, for all actors in the ecosystem. Each set of priorities and actions can have different outcomes depending on the goals being pursued: financial results or economic sustainability, social sustainability, understood as affordable food, decent work, and responsibility to the community. The slow pace of recovery in profits and punishment by financial markets suggest purely utilitarian attitudes and actions on the part of financial entities, suppliers, and consumers, without considering the social impact of these actions.

During the outbreak and the post-pandemic period, education in crisis management was an important endeavor for educators in the field of culinary arts and hospitality management; the assessment of the macro environment, structural analysis, and case studies are teaching materials that can be adapted to different learning levels. The models and methods applied here may help future researchers analyze and search for solutions in the sector that may also be applicable to other countries and other areas of the service sector.

The present work has certain limitations, the first being the inductive and multilevel nature of this study, which, while offering a greater depth of analysis, also presents difficulties in the choice of methodology. Although the tables and figures show a varied array of statistical evidence on the impact of the pandemic on firms and the overall sector, some additional tools, such as the difference in means among sectors and regions, may increase the significance of our results. However, we expect that the evidence is strong enough to sustain our results and conclusions.

The second limitation is a geographical one; although this study compares two different countries in terms of economy, demography, and culture, gastronomy and restaurants are a fairly local industry. The generalization of the findings is, therefore, difficult and, in any case, must take into account one of the main conclusions of this study, that is, the relevance of the meso level of analysis.

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