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THE ROLE OF EXPLORATION, EXPLOITATION AND DYNAMIC CAPABILITIES: SOUTH KOREAN ENTERTAINMENT FIRMS' PROACTIVE RESPONSE STRATEGIES TO THE COVID-19 PANDEMIC

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Abstract

Research purpose. This study aims to develop a model of firms' survival strategy during the COVID-19 pandemic by integrating the concepts of exploration, exploitation, and dynamic capabilities to develop a model of firms' survival strategy during the COVID-19. We argue that the COVID-19 pandemic forced firms to undergo three processes of sensing, seizing, and reconfiguring suggested by Teece (2007), and to choose exploration or exploitation in each process in a timely manner. The interplay of the three processes for dynamic capabilities and two strategic orientations gives rise to a typology of six proactive response strategies.

Design / Methodology / Approach. The research design takes the form of a case study focusing on the two Korean successful entertainment firms, JYP Entertainment and HYBE. JYP is one of the early-established firms that started the Korean Wave in 1997, and HYBE is a dominant late-mover founded in 2005. Using a Typology of six proactive response strategies, the two firms' actions in the COVID-19 are reviewed.

Findings. The strategic trajectory of HYBE shows internal sourcing, platform creating and radical change, while that of JYP shows internal sourcing, platform strengthening, and incremental change. Together, these cases demonstrate five of the six strategies from our typology, with neither company engaging in External Sourcing during the pandemic. HYBE's trajectory was more explorative in the later stages (developing a new platform and making a radical change), whereas JYP's was more exploitative (strengthening an existing platform and making incremental changes), highlighting two different yet successful approaches to crisis management.

Originality / Value / Practical implications. This study makes a contribution by integrating the concepts of exploration and exploitation with dynamic capabilities through the lens of Teece's framework (sensing, seizing, and reconfiguring) to address strategic decision-making during COVID-19. By examining South Korean entertainment firms, this research fills a gap in understanding how firms can balance the tension between exploration and exploitation, especially when responding to the unpredictable challenges posed by the COVID-19 pandemic. In particular, we identify six proactive response strategies, External Sourcing, Internal Sourcing, Platform Creating, Platform Strengthening, Radical Change, and Incremental Change, that illustrate specific ways in which firms can achieve this balance in practice.

The findings of this study provide a practical implication for managers to assess and implement strategic responses in uncertain environments. This implication helps managers determine the right balance between explorative innovation and exploitative efficiency, ensuring that strategic responses should be aligned with organizational goals and timely.

Keywords: Dynamic capabilities; Exploitation; Exploration; South Korean entertainment firms

JEL codes: M10; M19

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Introduction

The COVID-19 pandemic caused unprecedented damage to the global economy, comparable to the Great Depression of the 1930s (He & Harris, 2020). This unforeseen disruption forced firms worldwide to rapidly adapt to complex, volatile, and ambiguous environments to survive. While many struggled to cope, some developed innovative strategies to not only withstand the crisis but also to enhance and strengthen their capabilities in such challenging contexts. The concept of dynamic capabilities is particularly relevant here, as it explains how firms can reconfigure their resource base to create and sustain competitive advantages in turbulent environments (Helfat et al., 2009; Makadok, 2001; Teece et al., 1997). Previous studies have indicated that dynamic capabilities enable firms to maintain competitive advantages even in hostile environments (Eisenhardt & Martin, 2000; Moliterno & Wiersema, 2007) and during crises like the COVID-19 pandemic (Chi et al., 2022; Dejardin et al., 2023). However, there is still limited understanding of how firms utilize strategic orientations in organizational learning, such as exploration and exploitation, to build dynamic capabilities and navigate discontinuous and uncertain environments. For example, firms that pursue similar types of dynamic capabilities may differ in whether they seek opportunities in existing capabilities or new capabilities. This study addresses these research gaps by examining the interrelationship among exploration, exploitation, and dynamic capabilities. Through this approach, we identify six proactive response strategies: Internal Sourcing, External Sourcing, Platform Creating, Platform Strengthening, Radical Change, and Incremental Change.

This study integrates Teece's (2007) three key processes underlying dynamic capabilities—sensing, seizing, and reconfiguring—within the framework of exploration and exploitation. While recent studies (Linhart et al., 2020) have primarily focused on the relationship between dynamic capabilities and exploration, we emphasize the critical decision-making process involved in choosing between exploration and exploitation at each stage necessary for building dynamic capabilities. Moreover, although Helfat & Peteraf (2015) analysed the role of individual-level resources, such as managerial cognitive abilities, in the development of sensing, seizing, and reconfiguring capabilities, they did not examine firm-level factors in these processes.

The rest of the paper is structured as follows: First, we review the literature on exploration, exploitation, and dynamic capabilities, the core concepts of this study. Next, we develop a model comprising six strategies (External Sourcing, Internal Sourcing, Platform Creating, Platform Strengthening, Radical Change, and Incremental Change) based on these key concepts. We then apply this model to analyse the distinctive strategies employed by two successful South Korean entertainment firms—JYP Entertainment and HYBE. The final section summarizes our key contributions and discusses implications for future research.

Literature review

March (1991) defined exploration as activities encompassing "search, variation, risk-taking, experimentation, play, flexibility, discovery, and innovation," whereas exploitation refers to "refinement, choice, production, efficiency, selection, and execution" (p. 71). He argued that firms face a trade-off between these two approaches when allocating internal resources, viewing them as opposite ends of a single continuum. This trade-off necessitates conscious decision-making because of the inherent tension between exploration and exploitation. Subsequently, Levinthal and March (1993) expanded on this idea, suggesting that firms engage in exploitation by refining existing knowledge to ensure its present viability while focusing on exploration by developing modern technologies to secure future viability. Since these seminal works, researchers have continued to explore the conceptual distinction between exploration and exploitation (Holmqvist, 2004; Jansen et al., 2006; Winter & Szulanski, 2001).

In a related framework, Teece (2007) introduced the concept of dynamic capabilities, which he defined as comprising three key processes: sensing, seizing, and reconfiguring. The sensing capability involves the ability to identify opportunities and threats by continuously scanning the internal and external environment. This constant vigilance is essential for firms to detect emerging issues and respond effectively. The seizing capability refers to a firm's ability to make strategic decisions and investments in new products or services to capitalize on identified opportunities (Helfat & Peteraf, 2015). This capability requires firms to decide whether to enhance existing structures or create new ones to integrate emerging knowledge effectively. Lastly, the reconfiguring capability entails the ability to restructure and redeploy resources through activities such as asset realignment, business model redesign, and updating organizational vision (Winter, 2003). These activities, which can be incremental or radical, are critical for maintaining alignment with the changing environmental conditions.

Recent studies have expanded the concept of dynamic capabilities to include the ability to foster organizational agility in an innovative economy with increased uncertainty (Teece et al., 2016). March (1991)'s distinction between exploration and exploration has evolved into the notion of ambidexterity, simultaneously pursuing both capabilities—as proposed by O'Reilly III and Tushman (2008). Dynamic capabilities provide a structural foundation for implementing exploration and exploration (Ochie et al., 2022; O'Reilly III & Tushman, 2013).

To overcome disadvantages in hostile environments and adapt to new conditions, firms must carefully decide how to balance exploration and exploitation at each stage of dynamic capability development. These two learning orientations are complementary (Popadiuk et al., 2018) and explain how firms achieve adaptive innovation. Previous studies argue that exploration and exploration will be exerted at various stages of dynamic capabilities (Birkinshaw et al., 2016; Popadiuk et al., 2018). As such, recent studies have attempted to integrate and establish these two concepts more systematically and elaborately into dynamic capability frameworks.

Building on this foundation, we thus focus on South Korean entertainment firms as case studies, as many of these firms have achieved remarkable success in the global market and receive a significant proportion of venture capital investment in South Korea. Despite the pandemic, these firms have actively sought to expand into broader Asian and global markets. Therefore, the aim of this study is to develop a typology of six proactive response strategies that demonstrate how firms can proactively respond to crises like COVID-19 by balancing exploration and exploitation across the sensing, seizing, and reconfiguring processes of dynamic capabilities.

In addition, we believe that the model proposed in this paper is applicable to firms operating in hostile and desperate environments beyond the COVID-19 context. The reason we chose the cases of entertainment firms for the COVID-19 pandemic situation is that the entertainment industry could be mostly vulnerable to the pandemic situation. For example, traditional business models such as live concert tours became unviable under lockdown and social distancing regulations. Similarly, other industries also rely on conventional business models which might be impossible to pursue in a certain type of disastrous environmental changes. Thus, the insights derived from this study can be topical even beyond the COVID-19 context.

Research methodology

We performed a multiple case study to apply a model developed from the theories of March (1991) and Teece (2007). Based on the three dynamic capability processes—sensing, seizing, and reconfiguring—and the two learning orientations of exploration and exploitation, we propose a typology comprising six strategies that firms can adopt to navigate hostile environmental threats. Each strategy involves making strategic choices between exploration and exploitation for each of the dynamic capability processes.

In Fig. 1, we outline the six proactive response strategies. Quadrant 1 represents the External Sourcing (ES) strategy, which emphasizes exploration in the sensing process. This strategy involves scanning diverse external market opportunities to acquire new knowledge and integrating insights from other firms within the industry, for example, by collaborating with external partners or engaging in open innovation initiatives. In contrast, Quadrant 2 represents the Internal Sourcing (IS) strategy, focusing on exploitation during the sensing process. Firms employing this strategy primarily generate new knowledge by leveraging their internal expertise and experience. For instance, a firm adopting IS would rely on its R&D projects and accumulated internal know-how to detect emerging opportunities.

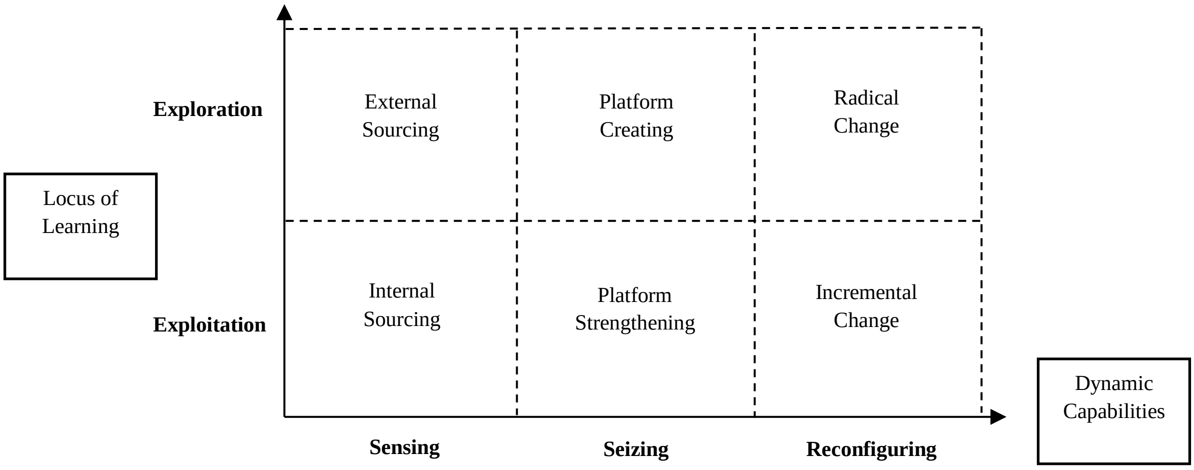

Fig. 1. A Typology of six proactive response strategies

Quadrant 3 illustrates the Platform-Creating (PC) strategy, which focuses on exploration during the seizing process. Firms adopting this strategy proactively pursue new market opportunities by developing innovative platforms (e.g., launching new digital services or online communities), especially in rapidly changing environments. Quadrant 4 describes the Platform Strengthening (PS) strategy, where firms emphasize exploitation during the seizing process. This approach involves making risk-neutral decisions to incorporate new knowledge into existing operational platforms, for example, by upgrading existing services or strengthening partnerships within current business platforms, thereby enhancing their current capabilities.

Quadrant 5 introduces the Radical Change (RC) strategy, which highlights exploration in the reconfiguring process. Firms following this strategy undertake significant transformations to meet the demands of new customers, often through actions such as mergers and acquisitions. This allows firms to create new operational routines and explore a wider array of opportunities (Benner & Tushman, 2003; Ireland et al., 2003; Jansen et al., 2006; Uotila et al., 2009). Finally, Quadrant 6 represents the Incremental Change (IC) strategy, where firms focus on exploitation during the reconfiguring process. This strategy involves reconfiguring capabilities through incremental changes, such as joint ventures or partnerships, to refine and enhance existing operations (Benner & Tushman, 2003; Danneels, 2002; Lubatkin et al., 2006; Siren et al., 2012).

Following the approach used in previous case studies on dynamic capabilities (e.g., Patricio et al., 2022; Vezina et al., 2019), we conducted a multiple-case study. This method allows for an in-depth understanding of complex phenomena, especially when there is insufficient quantitative data available (Malhotra et al., 2017). Selecting appropriate cases is a crucial initial step in multiple case study research (Eisenhardt, 1989; Stake, 2005).

For this study, we selected cases based on the following criteria:

- Capability Building Processes: We chose firms that have undergone the sensing, seizing and reconfiguring processes of dynamic capability building.
- Industry Focus: We focused on firms in the entertainment sector, which is known for its intense competition and reliance on unique talent to differentiate and survive.
- Environmental Challenges: We selected firms that faced severe environmental challenges, specifically the disruptions caused by the COVID-19 pandemic.

Based on these criteria, we initially selected SM Entertainment, YG, JYP Entertainment and HYBE. Next, in order to maximize and compare strategic differences, we ultimately selected JYP Entertainment and HYBE, the two firms with the greatest differences in sales performance and growth strategies after the COVID-19 period. JYP Entertainment is a traditional firm that has achieved stable growth, whereas HYBE is a more recent entrant that has experienced rapid expansion. We gathered data from a variety of sources, including investor relations (IR) materials, interviews with company presidents featured in the media, and news articles from multiple outlets. These two companies have been prominent in South Korea over the past decade, making it relatively easy to access information about their strategic actions.

JYP Entertainment (hereafter JYP) was founded in 1997 as Tae Hong Planning Corporation and rebranded as JYP Entertainment in 2001. In 2007, JYP established a New York branch to globalize its artists, and it has since grown into one of the largest entertainment companies in South Korea. JYP operates in various fields, including recording, music production and publishing, event management, and concert production, and manages prominent K-pop groups such as TWICE, ITZY, Stray Kids, 2 PM, and Day 6. In 2018, JYP's founder and CEO, Jin-Young Park, unveiled the 'JYP 2.0' vision, which introduced several innovations such as 'globalization by localization' and the 'company-in-company' model to restructure the firm. Although these initiatives began to take shape in 2019, the firm soon faced the challenges posed by the COVID-19 pandemic.

HYBE was founded in 2005 as BIGHIT Entertainment and rebranded as HYBE in 2021. HYBE operates in various fields, including artist management agency, performance planning, wholesale & retail, and licensing. HIVE has continued to innovate as a global entertainment platform company since 2018, changing its business structure around labels, solutions, and platforms.

In addition, we consulted with Do-Hyun Kim, an Executive Consulting Director at PwC Korea, to gain deeper insights into the entertainment industry and the specific firms under study. With over 10 years of experience in the entertainment sector and a background in consulting since 2005, Mr. Kim has provided strategic guidance to both HYBE and JYP Entertainment. His consulting experience with HYBE focused on globalization strategies, while his work with JYP Entertainment addressed corporate social responsibility issues. His familiarity with both firms' strategic orientations over the past five years was invaluable in understanding the context and rationale behind their decisions.

Research results

JYP Entertainment

The JYP adopted the Internal Sourcing (IS) strategy by leveraging its unique experiences to realize the 'JYP 2.0' vision. Jin-Young Park implemented several key initiatives to achieve this goal. First, he established dedicated Task Forces (TFs) composed of marketers and promoters, with each TF assigned to manage a specific artist. This structure allowed the TFs to tailor their strategies to the unique needs of each artist. For example, the TF assigned to the girl group TWICE helped the group achieve over 100 million views on each of its 17 YouTube music videos, setting a world record. Second, in 2021, JYP launched a TV audition program called 'Loud' to form a new boy group for the global market, similar to its previous TV show 'Sixteen,' which was introduced TWICE in 2015. VCHA was formed through the audition program A2K (America2Korea), a collaborative project between JYP Entertainment and Republic Records. The group officially debuted on January 26, 2024, following their pre-debut in 2023. Through these actions, JYP exploited its prior experiences and innovative ideas to navigate the pandemic's challenges and identify growth opportunities, embodying the Internal Sourcing strategy. Commenting on JYP's IS strategy, consultant Do-Hyun Kim noted:

> *"JYP had a mission to have artists having good personalities, including cooperative attitudes. To find artists who fit in with JYP's mission, JYP decided to use TV audition programs. In these programs, contestants were given team performance missions in stressful situations, allowing them to observe how they handled such pressures."*

In the seizing process, JYP pursued the Platform Strengthening (PS) strategy by enhancing its dynamic capabilities through existing platforms. For instance, in February 2019, JYP signed a new joint management contract with its long-time partner Sony Music Entertainment Japan to support NiziU, a new girl group. According to Do-Hyun Kim, JYP had maintained a strong partnership with Sony Music Entertainment for many years. In July 2019, JYP launched the NiziU Project to debut NiziU as a global idol group in Japan. As part of this project, 26 Japanese trainees underwent training at the JYP Training

Center in Korea over six months, and nine members were ultimately selected to form NiziU. The group's pre-debut extended play was released amid the COVID-19 pandemic in June 2020, followed by their official debut in December 2020. Their singles ‘Step and a Step’ and ‘Take a Picture’ set streaming records in Japan, each exceeding 10 million streams. JYP’s successful management of partnerships, such as with Sony Music, and its decision to avoid creating its own online streaming network in favour of leveraging existing alliances exemplify its Platform-Strengthening strategy. This approach was further validated when JYP announced plans to launch a new boy group through the second season of the Nizi Project, demonstrating the effective use of existing platforms to capture new opportunities in foreign markets. The strategy of fostering artists through partnerships is targeting not only the Japanese market but also various international markets. To expand its presence in the US market, JYP Entertainment elevated its partnership with Republic Records to the enterprise level in 2023 and is also collaborating with Tencent to penetrate the Chinese market.

In the reconfiguring process, JYP adopted the Incremental Change (IC) strategy to transition towards an online live concert streaming model in response to the pandemic. To do this, JYP entered joint venture agreements with SM Entertainment (another leading South Korean entertainment firm) and Naver (a top Korean portal company) to establish Beyond Live Corporation, an online concert streaming service. To further strengthen its position in the fandom platform industry, JYP acquired a 23.3% stake in Dear U, a subsidiary of SM Entertainment. Additionally, JYP is advancing into the platform business by exploring non-fungible tokens (NFTs) through a partnership with Dunamu, the operator of the global cryptocurrency exchange Upbit, combining its K-pop content with blockchain technology. Commenting on this strategy, Do-Hyun Kim stated:

> *“JYP’s core business focus remained on artists and repertoire while relying on trusted partnerships for new business ventures. This approach reflects Jin-Young Park’s business philosophy.”*

In sum, JYP did not radically alter its streaming business models but instead pursued an Incremental Change strategy by collaborating with alliance partners to deliver live concerts (Fig. 2).

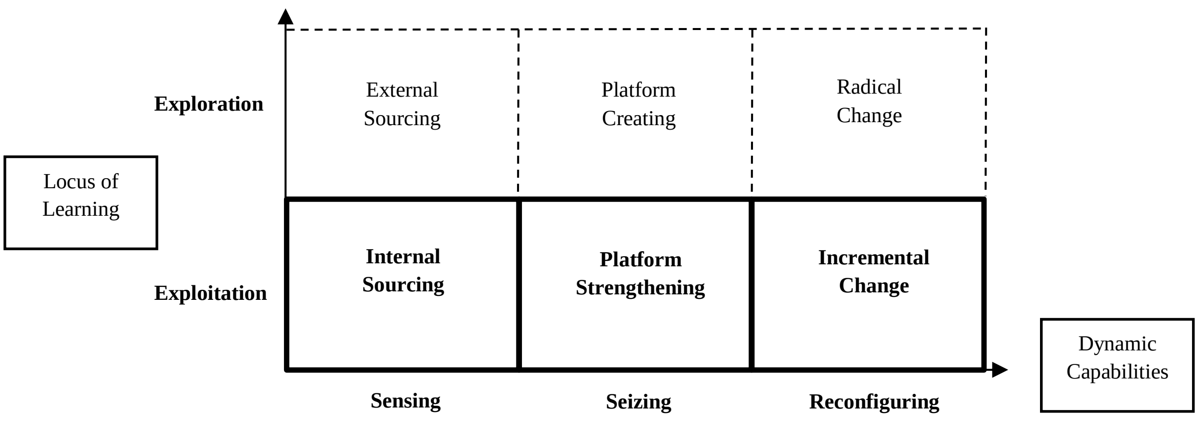

Fig. 2. Strategic trajectories of JYP Entertainment

HYBE

To navigate the challenges posed by the COVID-19 pandemic, HYBE adopted the Internal Sourcing (IS) strategy during the sensing process, leveraging its internal experiences and capabilities rather than exploring external resources. As a relatively small agency compared to the traditional ‘Big 3’ entertainment companies in South Korea—SM, YG, and JYP—HYBE had limited opportunities to promote its artists through traditional media such as TV and radio. Fig. 3 describes the sales growth rate of HYBE, JYP, SM, and YG. HYBE came up with a strategy of making extensive use of social media. While the ‘Big 3’ limited their artists’ activities in social media to mostly being solely for promotional purposes, HYBE allowed their artists—especially BTS members—to directly communicate with their fans online by sharing video clips that showed them living their daily lives without being edited for promotional purposes.

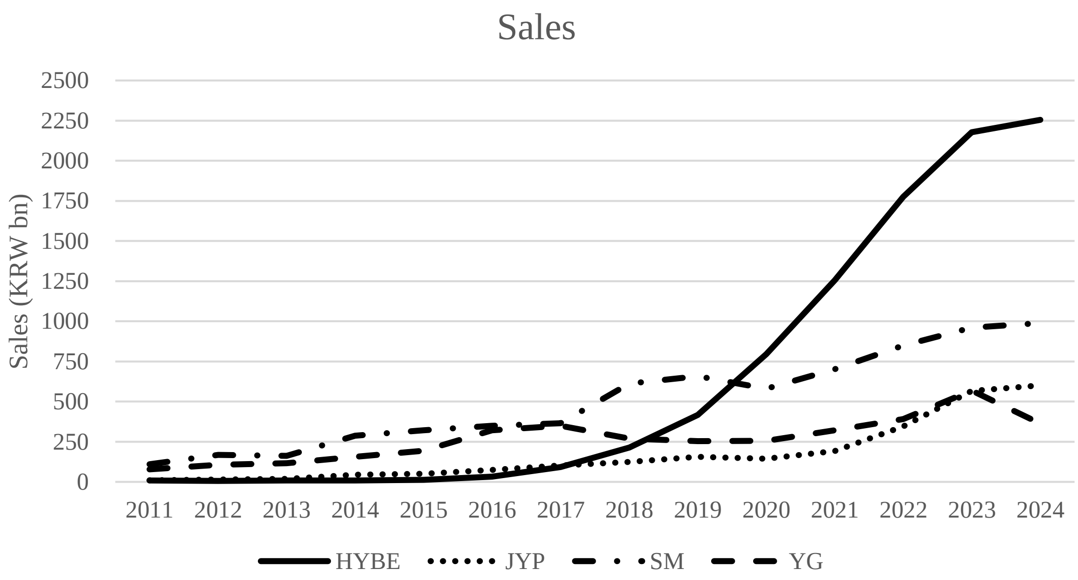

Fig. 3. Sales growth rate of HYBE, JYP Entertainment, SM, and YG

BTS members further engaged their fanbase by streaming concert video clips on their YouTube channel 'BANGTAN TV.' This approach fostered a deeper connection with their fans, known as ARMY, who have shown extraordinary loyalty to BTS, organizing streaming campaigns and trending hashtags to celebrate members' birthdays. HYBE capitalized on this strong global fandom, which BTS had cultivated over the past eight years, to counter the adverse effects of the pandemic. For instance, HYBE launched a reality show titled 'BTS in the Soop,' a camping-themed series featuring BTS members. The first season, consisting of eight episodes, was released in August 2020 on both JTBC, a South Korean cable network, and Weverse, HYBE's proprietary online platform. The Weverse version offered more episodes and extended footage than the JTBC broadcast. By leveraging its fanbase, HYBE developed a new business platform that also benefits other HYBE artists.

In the seizing process, HYBE adopted a Platform Creating (PC) strategy, seeking innovative solutions to the challenges brought about by the pandemic. HYBE developed Weverse, a fan community platform that enables artists and fans to interact closely. Initially launched for BTS, Weverse soon expanded into a global platform accommodating other entertainment companies' artists. Despite some initial criticisms over the platform's unfamiliar interface and poor product handling and refund policies, the strong loyalty of ARMY helped mitigate these issues. Although many competitors offer direct-to-fan community platforms, few have achieved the same level of user loyalty. On Weverse, BTS held an online concert, 'Bang Bang Con: The Live,' which attracted 756,000 viewers worldwide, setting a Guinness World Record for the most viewers in a live-streamed music concert. By fostering deeper interactions with its global fanbase through Weverse, HYBE effectively implemented the Platform-Creating strategy. Weverse continued to expand its business by introducing a paid membership service in December 2024. By that year, international artists accounted for over 30% of all Weverse-affiliated performers, and 87% of users accessed the platform from outside South Korea (Hankyung, 2025). As a result, Weverse has evolved from a communication platform for HYBE's K-pop artists into a global fandom platform.

During the reconfiguring process, HYBE pursued a Radical Change (RC) strategy through strategic acquisitions. Despite HYBE's significant profitability growth in recent years, its high dependency on BTS has been a concern for investors, as BTS accounted for nearly 97% of HYBE's revenue in 2019.

To address these concerns, HYBE undertook bold measures, such as merging with Ithaca Holdings in March 2021. Ithaca Holdings manages several global music stars, including Justin Bieber and Ariana Grande. Commenting on this deal, Bang Si Hyuk, Chairman of HYBE, stated, "This new partnership with Ithaca Holdings is a challenge that no one could have imagined. Through our combined expertise and accomplishments, we will generate significant synergy across borders and cultural barriers" (Grossman, 2021). This merger enabled HYBE to diversify its portfolio with various global artists, reducing its reliance on BTS and accelerating the entry of Korean artists into the U.S. market. Consultant Do-Hyun Kim elaborated:

> *"HYBE consulted me on pivoting strategies. I advised them to cultivate artists across diverse music genres in the long term. In the short term, acquiring various record labels could be a viable alternative as it saves time in expanding their artist pool. Acquiring a global label can also quickly broaden customer markets and reduce dependency on BTS, which was their primary revenue source at the time."*

In sum, HYBE pursued the Radical Change strategy by exploring new market opportunities through its merger with Ithaca Holdings (Fig. 4).

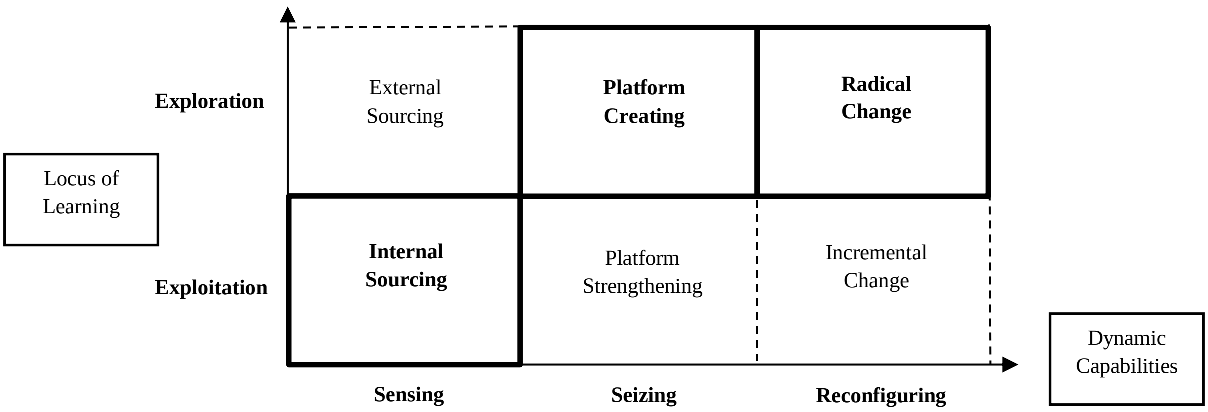

Fig. 4. Strategic trajectories of HYBE

These proactive response strategies have continued even after the pandemic. For example, HYBE extended its Platform Creating (PC) strategy in June 2023 by hosting the Weverse Con Festival in Seoul, Korea, featuring 20 artists over two days and attracting 20,000 attendees from around the world. The event generated over 1.1 million hashtag counts and drew 3.5 million visitors to the Weverse application, where all performances were streamed live, leveraging the new platform established during the pandemic (Abby, 2023). HYBE also sustained its Radical Change (RC) strategy by acquiring QC Media Holdings, Inc. in February 2023 to expand its presence in the U.S. Additionally, there are speculations that BTS member Jungkook may collaborate with Justin Bieber, managed by Ithaca Holdings, which HYBE acquired (Economic Times, 2023). These developments demonstrate that HYBE's Platform Creating and Radical Change strategies, initiated in response to the COVID-19 crisis, have continued to shape its strategic trajectory beyond the pandemic. Notably, neither HYBE nor JYP employed the External Sourcing strategy during the COVID-19 crisis, indicating that both companies relied on internal resources and exiting alliances, rather than seeking entirely new external knowledge sources, when sensing and responding to market shifts in this uncertain period.

Conclusions

In this paper, we aimed to examine how firms can proactively navigate hostile environments by balancing exploration and exploitation across the sensing, seizing, and reconfiguring processes of dynamic capabilities. To achieve this aim, we developed a typology of six proactive response strategies and demonstrated its applicability through a multiple-case study of two successful South Korean entertainment firms during the COVID-19 pandemic. While the COVID-19 pandemic has presented numerous challenges (Sharma et al., 2020), it has also created opportunities for firms to engage in sensing, seizing, and reconfiguring processes by strategically choosing between exploration and exploitation at the right time.

Unlike previous studies that have considered exploration or exploitation either as antecedents or consequences of dynamic capabilities (Birkinshaw et al., 2016; O'Reilly III & Tushman, 2008; Pasamar et al., 2015), our research identifies a typology of proactive response strategies based on two dimensions: Teece's three categories of dynamic capabilities—sensing, seizing, and reconfiguring—and the two strategic orientations of exploration and exploitation. Specifically, External Sourcing involves scanning outside markets for new opportunities (often seen in open innovation or market research initiatives), whereas Internal Sourcing involves leveraging in-house expertise (e.g., internal R&D) during the sensing stage; Platform Creating focuses on developing new platforms or offerings to capture emerging market needs, while Platform Strengthening focuses on enhancing existing platforms to reinforce the firm's current capabilities. Similarly, Radical Change entails major organizational transformations, such as acquisitions or business model overhauls, to explore new growth avenues, whereas Incremental Change relies on minor adjustments (like partnerships or process improvements) that exploit and refine existing operations. By integrating the dynamic capabilities framework with insights from ambidexterity literature, we incorporate the element of time into the conceptualization of exploration and exploitation (Jeyaraj & Zadeh, 2022). Time plays a crucial role in understanding the dynamic nature of ambidexterity (Gupta et al., 2006; Raisch & Birkinshaw, 2008), as it influences how firms should strategically balance exploration and exploitation during crises like the COVID-19 pandemic. In this context, our study provides an essential contribution to addressing the research question posed by Raisch et al. (2009), who emphasized the importance of adopting time as a research lens to gain deeper insights into the dynamic processes underpinning organizational ambidexterity (Ancona et al., 2001). Therefore, this study advances the research on dynamic capabilities and ambidexterity by presenting a more comprehensive model that incorporates the temporal dimension of ambidexterity.

The implications of our findings are manifold. First, we expand the theoretical understanding of how firms can dynamically align exploration and exploitation with their strategic objectives under rapidly changing conditions. Our typology offers a practical framework for managers to assess and implement strategic responses that can enhance their firm's resilience and adaptability during environmental disruptions.

Second, our case analysis considered only two successful firms from the same industry, which may further limit the generalizability of the findings. Focusing exclusively on high-performing companies in one sector introduces a potential case selection bias – the proactive strategies observed might reflect the unique circumstances of these success stories and may not apply to less successful firms or other industries. Future research should examine a more diverse set of organizations, including firms in different industries and with varying performance outcomes, to assess the broader applicability of our proactive response strategy typology.

In conclusion, this study contributes to the literature on dynamic capabilities and ambidexterity by offering a novel typology of proactive response strategies that incorporate the temporal dynamics of exploration and exploitation. Our findings provide valuable insights for both researchers and practitioners seeking to understand and implement effective strategies for organizational resilience and growth in the face of unprecedented challenges like the COVID-19 pandemic.

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