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Abstract

High knowledge intensity is increasingly associated with high levels of internationalization. Internationalization is also witnessed to become more rapid due to the increased transferability of competence, resources and knowledge. These aspects of internationalization may imply that firm's competitive advantage becomes unstable and therefore require firms to act with an increased pace. This has been observed widely and recently especially in knowledge-based economies, where the shift towards a global economy puts pressure on a more rapid internationalization. In this context the dynamic capabilities framework has also been addressed and especially in knowledge-intensive industries where firms face rapid and unpredictable change.

The purpose of this research was to *evaluate the role of dynamic capabilities in the internationalization of knowledge-intensive business* through a qualitative case research. The findings are able to elucidate and support the general notion that dynamic capabilities emphasize the importance of resources configurations and manipulation of the competence base through e.g. networking and alliancing. The empirical data shows that an integrated approach to internationalization based on the incremental and network approach is prevailing for the studied case firm. It is also argued based on the findings that dynamic capabilities allow a firm to pursue rapidly an opportunity because of capabilities that provide the readiness for change.

Based on the research it is concluded that in an international and dynamic business environment, such capabilities are needed, which allow an entrepreneurial mindset and an open-minded approach to change. When dynamic capabilities are used astutely, they can provide sustained competitive advantage in a dynamic environment where the competitive advantage is unstable and inherently unpredictable. In these circumstances only an ambidextrous organization with ambidextrous capabilities can manage the element of change. Concludingly, international market expansion is based on the two variables of profitability and growth which affect the phases and pace of the internationalization and is affected by the stability and predictability of the competitive advantage.

Key words	dynamic capabilities, internationalization, knowledge-intensive, knowledge, global
Further information	