

# **Renewing Dynamic Capabilities Globally: An Empirical Study of the World's Largest MNCs**

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## **Abstract**

This study empirically tests whether MNCs leverage and exploit existing innovative capabilities to penetrate foreign markets by international diversification. MNCs then utilize these international diversification strategies to develop future new knowledge resources and skills being increasingly developed around the globe. The analyses used a sample of the largest MNCs' from Europe, Japan and North America representing nine industries. Results indicate that MNCs initial innovative capabilities are positively related to future international diversification. Our analyses showed that international diversification, in turn were positively and significantly related to the MNCs' future R&D intensity, number of patents, and technological impact index.