

# Innovativeness of IT Entrepreneurial Firms: The Roles of Knowledge Management and Dynamic Innovation Capabilities

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## Abstract

The present study explores the mediating role of dynamic innovation capabilities, focusing on the relationship between knowledge management and innovativeness in IT entrepreneurial firms. A mixed method approach was used where quantitative data was collected from 200 IT entrepreneurial firms and an in-depth case study was conducted for the qualitative study. The quantitative analysis indicated that dynamic innovation capabilities fully mediate the relationship between knowledge management and innovativeness and it was sorted in case studies. While contributing to the ongoing attempt at explaining how knowledge management practices lead to innovations, the study suggests that managers should pioneer in building dynamic innovation capabilities in order to gain a competitive advantage through innovativeness in a dynamic environment.

**Keywords:** Dynamic innovation capabilities, Innovations, IT entrepreneurs, Knowledge exploration, Knowledge exploitation, Resource based view.

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