**The Dynamic Model of Intellectual Capital Creation in Family Business: The Dynamic Capabilities Perspective**

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**Abstract**

*The paper's purpose is to examine the role of knowledge and learning as a dynamic capability that leads to competitive advantage in family firms. It further conceptually develops a model showing the relationship between intellectual capital, firm performance, and dynamic capabilities in family firms. Using past case studies related to the subject, this study highlights the importance of knowledge accumulation, integration, codification, and the preservation of socioemotional wealth as dynamic capabilities that allow a family firm to sense and seize business opportunities that transform the business to a competitive advantage. Findings from the case applications reveal that family businesses benefit from the accumulation of knowledge through expertise, skills, and employment of non-family members and having family involvement as strategic important assets that lead to increased value in family firms’ performance.*

Key words: Family Business (FB), Dynamic Capabilities, Knowledge, Intellectual Capital