Developing and protecting sustainable competitive advantage in a firm, across national borders, could rely on firm-specific advantages (FSAs). International business scholars argue that the nature of the FSAs could be similar to dynamic capabilities (what the firm does), which in this study has been termed as dynamic-based FSAs. Dynamic-based FSAs are critical to develop and enrich internationalization theories. In this study, networking capability (as relational-based FSAs), innovative capability (as innovative-based FSAs) and absorptive capacity (as learning-based FSAs) were identified, in a theoretical sense, as the three pluripotent component factors of the dynamic-based FSAs. The results of this thesis show that international performance in Swedish manufacturing SMEs is positively influenced by these three component factors of dynamic-based FSAs, whether directly or indirectly. It was revealed that in SMEs with high levels of dynamic-based FSAs, innovating-by-learning, networking-by-learning, and networking-by-innovating also have been realized. The overall picture resulting from this thesis indicates that absorptive capacity in internationalized SMEs is a wellspring to develop both innovative capability and networking capability, as well as influence international performance. Furthermore, these results suggest that networking capability is a vital gateway for SMEs to transmit the effect of the other two component factors of the dynamic-based FSAs on international performance.