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Innovation in small and medium-sized companies: Knowledge integration mechanisms and the role of top managers' networks**

Past research has revealed that knowledge integration is an important prerequisite for the success of new product development. For this reason, companies deploy a number of formal mechanisms to foster integration across multiple functions and hierarchical levels. In many SMEs, however, such formal mechanisms are complemented or even replaced by informal social networks among managers and employees. Despite the relevance of intraorganizational networks, past research on SMEs, however, was focused mainly on the interorganizational level of analysis. To cover this gap, we map ego networks of senior managers in SMEs and explore their knowledge exchange relationships both inside and across functional and hierarchical boundaries. Our study shows that these social networks are an essential driver of knowledge integration and innovation.

Key words: SMEs, social networks, innovation, cross-functional integration, top managers, knowledge creation
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