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# **Investigating Schumpeter's creative army: what drives new-to-the-market innovation in micro-enterprises?**

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Schumpeterian arguments related to creative destruction place small, entrepreneurial firms at the centre of the innovation process. The exclusion of micro-enterprises (with less than 10 employees) from most innovation surveys means, however, that we know relatively little about innovation among this group of firms. Here, using new survey data on a thousand micro-enterprises we explore the determinants of new-to-the-market innovation, the basis for the Schumpeterian creative destruction (CD) process. Our results provide strong support for the interactive nature of micro-enterprise innovation and suggest the potential value of developing a model of interactive creative destruction (ICD). Our results also suggest that family-owned firms are more likely to introduce new-to-the-market innovations and therefore play an important role in the ICD process. In organisational terms, our analysis emphasises the range of technical and co-ordination capabilities required by micro-enterprises to innovate successfully. Policy implications relate to promoting awareness among micro-firms of the support available for innovation to reduce the impact of financial and risk constraints.