Ministry of Industry and Trade

From the Selected Works of Johansein Rutaihwa

Summer August 21, 2012

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Johansein L. Rutaihwa, Mr.

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DOES SMALL AND MEDIUM ENTREPRISES (SMEs) UNDERSTAND THE CONCEPT OF INTELLECTUAL PROPERTY RIGHTS (IP) ON THEIR BUSINESS?

By: Johansein L. Rutaihwa, BA (Hons. Dar) MSc (Lund, Sweden)

Despite a more than 50 years, since independence, Tanzania has continued to be one of the poorest countries although it has significant resources that could take it away in this POVERTY.

In an effort to overcome this poverty, different policies have been adopted including Trade policies, Marketing, Industries, Small and Medium Enterprises (SMEs), etc. These efforts go hand in hand with the participation of the Country in various Agreements (Multilateral, Regional and Bilateral) including the World Trade Organization (WTO) and the World Intellectual Property Rights (WIPO) Agreements.

One among the problems that makes Tanzania continue to be poor is a dependency of the traditional crops export and forgetting the importance of Intellectual Property Rights, especially to entrepreneurs such as Small and Medium Enterprises (SMEs) which have been producing better products and contributing to GDP but have become victims of counterfeit products from developed and Asia countries.

Intellectual Property Rights (IP) as known among the society refers to legal rights given to creators and inventors to have temporary monopoly rights over their creations and inventions of the mind, both artistic and commercial. IP covers: trade marks rights, geographical indication rights, patents rights, plant breeders’ rights, industrial design rights, copyrights and related rights.

Whereas as the SME sub sector plays a key role in employment creation, income generation, base for industrial development and poverty reduction, Use of Intellectual Property is still a myth to many SMEs, this is due to lack of understanding on the rights and advantages emanating from Intellectual Property. Though registration is not a mandatory requirement but the advantages of protecting ones Intellectual Property are immense, so SMEs should be sensitized and encouraged to use Intellectual Property. The sub sector is estimated to generate about a third of GDP, employs about 20% of the Tanzanian labour force and has greatest potential for further employment generation. SMEs all over the world
and in Tanzania in particular, can be easily established since their requirements in terms of capital, technology, management and even utilities are not as demanding as it is the case for large enterprises. These enterprises can also be established in rural areas and thus add value to the agro products and at the same time facilitate the dispersal of enterprises. Indeed SMEs development is closely associated with more equitable distribution of income and thus important as regards poverty reduction.

The question to ask ourselves how these entrepreneurs benefits from the use of Intellectual Property Rights, while there is little efforts/ measures taken to educate them and at some point it looks like there is no any steps taken to educate the importance of Intellectual Property Rights to their business, I am saying this because so far the country has no IP policy which could guide our SMEs as it has been to other policies such Trade Policy, Marketing policy, Industrial Policy and Small and Medium Enterprises Policy. Though the Country has SME policy but IP issue has not been given the weight it deserves under this policy, it has been explained in a very narrow way if not in a single line. I believe it is the IP Policy that would provide guidance for SMEs to benefit from their innovation and creativity. In some countries the adoption and use of IP policy has been a major tool for development to most of SMEs, a good example of this can be seen in Colombia and Asian countries like India.

In India the experience shows, Protection of products through marks has enabled the companies to have sustainable profit, Marks have guaranteed a stable market, It has also created a good will through advertisement and clear identification of product, With more profit expansion of the enterprise is obvious, employment also rises even quality of products is improved, it has created business strength and identity in the market the thing they did not have due to lack of capital and It has created quality guarantee to the consumers because jointly the mark appear as a certification mark.

Moreover, developed countries have used IP as a Tool for Economic growth instead of relying more on traditional and non traditional crops. Tanzania still has a chance of hitting the big stage of development in various economic fields, if there is Political will which will enable the formulation and adoption of IP Policy .In line with this, there are many opportunities for short-term training from WIPO, WTO and SIDA that Government through its Ministries can make a good use of these opportunities to build its
professional capacity so that they can educate the society and public in general about IP, hence their contribution in GDP.

Despite the role of SMEs in economic growth, there is still little awareness among the SMEs over IP. If adequate education will be provided, our SMEs can benefit from IP in various fields because most of these SMES use Intellectual Property either in manufacturing and/or marketing their products; this adaptation to technology and transfer of technology is easily done in SME’s more than even in large industries. Some times this can be attributed to ignorance as to the importance of Intellectual Property as a property, so innovation and copying in SME is common. Taking an example of what is practiced by small industries under SIDO and under the organization known as VIBINDO they are doing all kind of innovations making various things to suit the local environments.

Tanzania like other countries there are still misperceptions about the role of IP, where it is seen as:-

- Something only for wealth countries and not for those of low income; thus weak IP is somehow better for the national industries of such low income nations.
- An obstacle to access to information and essential drugs; and
- An obstacle to competition

On the other hand, much as I seek to set out the great benefits that a carefully crafted and managed IP system can bring, I do not pretend that it can solve all of country’s problems. For example the following statement do not reflect the true nature of IP

- The stronger the IP protection, the better the well being of the society
- A one-size-fits-all IP system can cater for the different needs of different nations and
- The IP system alone, once set up in accordance with international rules and obligations, will bring benefits through FDI and transfers of advanced technology

Whether we agree or not, the use of Intellectual Property in the modern economy is important to SMEs growth in Tanzania it is the backbone of industries, whatever is produced is to be marketed. For market stability SMEs growth depends on competitiveness this can be achieved if and when SMEs use effectively intellectual property.