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Intellectual Property Management in Small and Medium-Sized Enterprises

A Systematic Literature Review



Authors ROCHA LIMA Francisco / BELMINO DOS SANTOS João

Author of the summary: Dr. Begoña G. Otero

SUMMARY

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Author	Dr. Begoña G. Otero	Date	31.10.2018

Abstract

Despite the relevance in the economy, SMEs underutilize the mechanisms of protection and appropriation of intellectual property. This article, through a review of existing literature, aims at gathering and synthesizing strategies, management models and performance indicators related to SMEs intellectual property (IP) management. The paper concludes that it exists a pattern of management actions in the scope of SMEs with regard to the protection, appropriation and intellectual property management.

Summary

The present review of literature focuses on two questions: First, what are the management models, strategies and good practices of intellectual property management adopted in SMEs? Second, once they have been identified, is it possible to discern a pattern of managerial actions within SMEs in IP management?

After a review of 53 empirical studies ranging from 1998 to 2018, the main results are:

Regarding IP management and its implications in organizational strategy, to improve competitiveness, IP management must be integrated and aligned with the overall strategy of the company. The steps that should integrate this process begin with an assessment of the current market situation, technology, company and its environment of business; it should follow a definition of the desired IP situation and analysis of the options available to move to a more competitive market in terms of IP generation, and finally, decide on the allocation of resources to implement the previous. As internal knowledge is dominant in SMEs, IP management is also the main management challenge for companies which besides generating their own IP, need to license and negotiate acquisition of external technology. This challenge could be overcome by implementing four measures: raising employee awareness of the invention process; implementing a compensation policy for employee inventions; impairment of top management and understanding the costs of IP protection.

On strategy for protection and appropriation of innovation, SMEs normally select the method of IP protection depending on factors such as degree and type of innovation, organizational model and the general market environment. Regarding the relationship between firm size and use of IP protection mechanisms, SMEs appropriation strategies differ in qualitative terms from the strategies used by large companies. And cooperation actions also influence SMEs appropriation strategies.

The paper also explains that SMEs managers tend not to patent or use the trademark system (formal protection mechanisms) because they neither have specific know-how of these mechanism nor they notice clearly a way to profit from them. As a consequence, SMEs tend to protect “innovative inputs”, know-how that can be protected as trade secrets, rather than “innovative products”, which require patent protection, under the wrong assumption that the former will be more easily managed. On the other hand, the paper also points out that an overemphasis on protection (especially through patents or secrecy) rather than the exploitation of innovation may lead SMEs to face deterioration in their innovative and therefore economic and financial performance. All in all, the strategy of protection should be designed hand in hand with the exploitation strategy.

Finally, on cooperation strategy, the paper concludes that licensing is a strategic tool for SMEs, especially startups, as it provides them with additional channels to acquire know-how in the market.