

PART THREE

Questions 15–20

- Read the following article about the development of the knowledge economy and the questions on the opposite page.
- For each question (15–20), mark one letter (A, B, C or D) on your Answer Sheet.

There have long been markets in tin, cocoa, silver and the like. There used to be security in thinking that somewhere there was a product, something you could touch and see. Now there are new markets in abstractions, trade in ideas and knowledge. Everyone has knowledge but there used to be no way to trade it – except through jobs. That simple fact of economic life was the basis for white collar employment for centuries. The whole job culture grew up because there was no alternative way to sell knowledge, other than the worker or manager providing, for a fixed price, his or her knowledge to an employer to own or control. The quantity of knowledge provided has typically been measured in time.

But today we stand at the threshold of a new era. The information economy has matured and become smarter. According to many business commentators, we are now living in a knowledge economy. There has always been a market for knowledge, of course. The publishing industry is based on it. But today the internet is making the distribution of knowledge ever easier. The days when the publisher decided what got published are over. Anyone with a PC and a modem can talk to the world. This is reducing the friction in the knowledge economy.

Everyone has knowledge of whatever industry she or he is in. Say you are a computer dealer, for example. Over the years you have compiled a list of the ten best lowest price places to buy wholesale computer equipment. Now you can sell your knowledge to newer, younger computer dealers who have no way to build up this knowledge without losing thousands of pounds finding it out the hard way. Until now, such knowledge remained securely locked in the recipient's head, accumulated and then worthlessly withered away. This no longer needs to be the case. Such knowledge can be sold via websites.

Knowledge has a distinct advantage in today's marketplace: it's a renewable resource. Better yet, its worth actually increases. 'Knowledge is the only asset that grows with use,' observes Stanford University Professor Paul Romer. But what exactly is knowledge and how can it be packaged to trade on an open market? 'Knowledge is experiential information, intelligence applied through and gained from experience,' say Joseph Pine and James Gilmore in their book *The Experience Economy*.

The value of knowledge often depends on variables such as time and the credibility of the

seller. Certain knowledge may have a very limited shelf life. Insights concerning how to set up an internet business in China, for example, might be worth a fortune on one day and nothing the next, depending on changes in government policy. Markets in knowledge will be significant: for one thing, they represent one of the most original uses of the web technology. In some corner of the globe there is a company wanting to source plastic widgets from Poland, and somewhere else another company that wishes to set up a plastics factory there. It's simply a case of connecting the two.

Indicator.com is a good example of a knowledge trader. It is targeted at food service managers throughout the hospitality industry. 'We started with the context rather than extracting money from suppliers,' explains founder Mike Day. 'We offer food service professionals interactive support to increase sales and profits. People don't want another one-dimensional site full of advertising that doesn't help them to do their job more effectively. It has to be customised, offering real solutions to real problems.' The site's features include access to online training and a tariff tracker so restaurants can check prices throughout the sector.

- 15 What point is made in the first paragraph?
- A Interest in commodity markets has decreased.
 - B Overall levels of expertise have improved.
 - C Opportunities to exploit your knowledge were limited in the past.
 - D External market forces have meant knowledge is underpriced.
- 16 What are we told about the current impact of the internet in the second paragraph?
- A Publishers benefit from their exploitation of the internet.
 - B The internet has made it easier to analyse business trends.
 - C It is difficult to calculate the true economic value of the internet.
 - D The internet facilitates the development of the knowledge economy.
- 17 In the third paragraph, what does the writer say about knowledge?
- A Acquiring knowledge can be expensive.
 - B The most valuable knowledge concerns IT.
 - C Trading knowledge raises issues of security.
 - D New businesses find it hard to trade in knowledge.
- 18 What point is made about knowledge in the fourth paragraph?
- A It provides specialist information.
 - B Its appeal lies in its exclusivity.
 - C It can generate new ideas.
 - D Its value accumulates.
- 19 Which application of knowledge does the writer regard as particularly useful?
- A analysing manufacturing trends
 - B introducing compatible parties
 - C interpreting time constraints
 - D advising on legislation
- 20 What key feature is provided by Indicator.com?
- A approaches that reflect the providers' own experience
 - B access to appropriately trained potential employees
 - C advice which directly benefits the bottom line
 - D advertising which is carefully targeted