

Periodic Assessment 1 (PA-1) — Answer Key**Class XII | Business Studies (054) | Periodic Assessment 1 | Session 2026-27****Time: 40 minutes | Maximum Marks: 25 | Answer Key**

This is a Periodic Assessment (PA-1) style practice paper for Class 12 Business Studies, covering Chapter 1 (Nature and Significance of Management), Chapter 2 (Principles of Management) and Chapter 3 (Business Environment). Time: 40 minutes. Maximum Marks: 25. Every question is tagged with its chapter (Ch 1, Ch 2 or Ch 3) so you can skip chapters your school has not covered yet.

Marking Scheme

Award marks only for a correct and complete answer to the part being marked. Where a question says "any two" or "any three", a student needs only that many correct points; the extra points below are given so that a range of correct answers can be marked fairly.

Section A — Answers

Q1 — (B) The force that integrates all other managerial functions to achieve unity of action. Coordination is called the essence of management because it is the force that integrates and harmonises all the separate managerial functions (planning, organising, staffing, directing and controlling) so the organisation moves toward one common goal. It is not a separate, one-time or top-level-only activity — it runs through every function and every level.

Q2 — (C) Lower / operational level. Managers who directly supervise workers on the shop floor, assign daily tasks and ensure the required quantity and quality of output belong to the lower or operational level of management (also called supervisory or first-line management).

Q3 — (B) Unity of direction. Unity of direction means one head and one plan for a group of activities that have the same objective. It should not be confused with unity of command, which means one subordinate should receive orders from only one superior.

Q4 — (B) Reward efficient workers with a higher rate per piece and pay inefficient workers a lower rate. Under Taylor's differential piece wage system, efficient workers who meet or exceed the standard output are paid a higher rate per piece, while inefficient workers who fall short are paid a lower rate. This is meant to motivate higher productivity, not to reduce fatigue or standardise tools (those are separate techniques).

Q5 — (B) Social environment. A shift in customer values, lifestyle and buying preference is part of the social environment, which is a dimension of the wider business environment.

Section B — Answers

Q6. Any two: (i) Organisational objectives — such as survival, profit and growth of the business; (ii) Social objectives — such as creating employment and supplying good-quality products to society. (Personal or individual objectives of employees may also be accepted as a second point.)

Q7. Management as a profession means treating management as an organised field of work having a defined body of knowledge, formal training and a code of conduct, similar to law or medicine. However, management does not fully satisfy the criteria of a profession because entry into management positions is not restricted by any single mandatory qualification or license — a person can become a manager through experience alone, without a formal management degree.

Q8. Any two: (i) Principles of management are broad, general guidelines (basic truths) that apply to management as a whole, while techniques are specific procedures or tools used to carry out particular managerial tasks. (ii) Principles (such as Fayol's) guide the way managers think and decide, while techniques (such as time study or work study) are the practical methods used to implement those principles in day-to-day operations.

Q9. Any two: (i) Business environment is the sum total of all external forces (economic, social, political, legal, technological) that lie outside the business but affect it; (ii) It is dynamic and keeps changing, which makes it uncertain and difficult to predict precisely; other acceptable points — it is relative to a particular country/region, and different parts of the environment are interrelated.

Section C — Answers

Q10. Top level (Board of Directors, CEO, top executives) — sets the overall objectives and policies of the organisation and mobilises resources. Middle level (departmental or divisional heads) — interprets the policies framed by top management into departmental plans and coordinates the activities of different sections. Lower / operational level (supervisors, foremen) — directly supervises workers, assigns daily tasks, and acts as the link between workers and middle management.

Q11. Any three: (i) Division of Work — dividing work into specialised tasks increases efficiency; for example, a garment unit splits work into cutting, stitching and packing sections. (ii) Discipline — obedience to rules and mutual respect between

employees and management; for example, employees following the company's attendance and conduct rules. (iii) Scalar Chain — a clear line of authority running from the top of the organisation to the bottom; for example, a worker's complaint is routed through the supervisor, then the manager, then the director.

Q12. Any three: (i) Economic environment — factors like interest rates and inflation; for example, a rise in interest rates set by the central bank increases the cost of business loans. (ii) Political environment — the stability and policy direction of the government; for example, a change in the government's stance on foreign investment affects how much foreign companies choose to invest. (iii) Technological environment — new methods, tools and processes; for example, adoption of automated cutting machines in a garment factory reduces the cost per unit produced.

Section D — Answers

Q13 (a) The political environment (the government's lockdown decision) was mainly responsible for the sudden drop in showroom sales.

Q13 (b) This illustrates that the business environment is dynamic and uncertain — it keeps changing and its exact timing or impact cannot be predicted precisely in advance.

Q13 (c) Rina's move to WhatsApp and online selling reflects the technological environment (use of new digital tools and channels to reach customers).