



## "STRATEGIES FOR SUCCESS: A COMPARATIVE STUDY OF NPM IMPLEMENTATION IN ONGC AND SAIL"

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### ABSTRACT

*This paper examines the strategies employed by two major public sector undertakings (PSUs) in India, Oil and Natural Gas Corporation (ONGC) and Steel Authority of India Limited (SAIL), in implementing New Public Management (NPM) principles. By comparing the approaches and outcomes of NPM adoption in these organizations, the study aims to highlight the key factors contributing to successful NPM implementation and derive lessons for other public sector entities. The research employs a qualitative analysis of secondary data sources, including company reports, industry publications, and academic literature.*

**KEYWORDS:** Npm, Ongc, Sail, public, dynamics.

### I. INTRODUCTION

New Public Management (NPM) represents a paradigm shift in public administration, emphasizing the adoption of private sector practices within the public sector to enhance efficiency, effectiveness, and overall performance. Emerging in the 1980s, NPM has become a global trend, driven by the need to improve public sector efficiency and accountability amidst increasing economic and social challenges. The essence of NPM lies in its focus on decentralization, performance measurement, market-oriented reforms, and a customer-centric approach to public service delivery. This paradigm shift has been particularly significant in countries with large and diverse public sectors, where traditional bureaucratic models often fall short in addressing contemporary challenges.

In India, the adoption of NPM principles has been a critical component of public sector reform efforts aimed at transforming public sector undertakings (PSUs) into more dynamic, efficient, and competitive entities. The Oil and Natural Gas Corporation (ONGC) and the Steel Authority of India Limited (SAIL) are two prominent examples of PSUs that have embarked on the NPM journey. Both organizations play crucial roles in India's economy: ONGC in the energy sector and SAIL in the steel industry. Their experiences with NPM offer valuable insights into the implementation strategies, challenges, and outcomes associated with such reforms in the Indian context.



ONGC, as the leading oil and gas exploration and production company in India, has been at the forefront of implementing NPM strategies to enhance its operational efficiency and global competitiveness. The company's strategic initiatives have focused on decentralization, granting greater autonomy to its regional offices and operational units. This decentralization is aimed at fostering a more responsive and agile organizational structure, capable of making quicker decisions and adapting to market dynamics. Furthermore, ONGC has introduced comprehensive performance measurement systems, including the balanced scorecard approach, to monitor and evaluate its performance across multiple dimensions such as financial metrics, customer satisfaction, internal processes, and learning and growth. The integration of advanced technologies for exploration, production, and project management has been another cornerstone of ONGC's NPM strategy, aimed at improving operational efficiency and reducing costs. Additionally, human resource development initiatives, including training programs and leadership development, have been prioritized to build a skilled and motivated workforce.

In contrast, SAIL, one of the largest steel-making companies in India, has focused its NPM efforts on organizational restructuring, performance contracting, quality management, and market orientation. SAIL's organizational restructuring efforts have aimed at aligning its operations more closely with market demands, thereby improving responsiveness and efficiency. The introduction of performance contracts for senior management, linking compensation to key performance indicators (KPIs), has been a critical strategy to enhance accountability and performance. Total Quality Management (TQM) practices have been adopted to improve product quality and process efficiency, ensuring that SAIL's products meet international standards and customer expectations. Moreover, SAIL's shift towards a market-oriented approach has emphasized understanding and meeting customer needs, competitive pricing strategies, and expanding market share both domestically and internationally.

Despite the differences in their strategic focus, ONGC and SAIL share common challenges in their NPM journeys. Both organizations have encountered cultural resistance to change, necessitating comprehensive change management strategies to foster a more adaptive and performance-oriented organizational culture. Additionally, external factors such as market volatility and regulatory changes have posed significant challenges, particularly for SAIL in the highly competitive and fluctuating steel industry.

The comparative study of NPM implementation in ONGC and SAIL aims to uncover the critical success factors that have contributed to their achievements and the challenges they have faced. By analyzing their strategies, this study seeks to identify lessons that can be applied to other PSUs and public sector entities embarking on NPM reforms. The research employs a qualitative analysis of secondary data sources, including annual reports, performance reviews, industry analyses, and academic literature, focusing on the period from 2000 to 2020. This period captures the evolution

of NPM practices in both organizations and provides a comprehensive overview of their reform journeys.

In the experiences of ONGC and SAIL with NPM implementation offer valuable insights into the dynamics of public sector reform in India. Their strategic initiatives, outcomes, and challenges highlight the complexities and opportunities associated with adopting private sector practices in the public sector. By comparing their approaches and outcomes, this study aims to contribute to the broader understanding of NPM in the Indian context and provide practical recommendations for enhancing the effectiveness of public sector reforms. As India continues to evolve and modernize its public sector, the lessons learned from ONGC and SAIL's experiences with NPM will be instrumental in shaping future reform efforts and improving the overall performance and accountability of public sector entities.

## II. NPM IN INDIAN PSUS

1. **Decentralization and Autonomy** Indian Public Sector Undertakings (PSUs) have traditionally operated within a centralized, hierarchical structure. The adoption of New Public Management (NPM) principles has shifted the focus towards decentralization, granting greater autonomy to regional and operational units. This change aims to foster a more responsive and agile organizational structure capable of quicker decision-making and adaptation to market dynamics.
2. **Performance Measurement** A critical component of NPM is the implementation of robust performance measurement systems. Indian PSUs have increasingly adopted tools such as the balanced scorecard to track performance across various dimensions, including financial outcomes, customer satisfaction, internal processes, and learning and growth. These systems promote accountability and continuous improvement.
3. **Market Orientation and Competitiveness** NPM emphasizes market-oriented reforms, encouraging PSUs to operate in a competitive environment. Indian PSUs have embraced strategies to enhance their market orientation by focusing on customer needs, competitive pricing, and expanding their market share both domestically and internationally. This shift aims to improve efficiency and responsiveness to market demands.
4. **Quality Management** The adoption of Total Quality Management (TQM) practices has been another key aspect of NPM in Indian PSUs. TQM focuses on improving product quality and process efficiency, ensuring that PSUs can meet international standards and customer expectations. This approach helps PSUs remain competitive in a globalized market.

5. **Human Resource Development** Human resource development has been prioritized under NPM, with a focus on skill enhancement, training programs, and leadership development. By building a skilled and motivated workforce, PSUs aim to improve overall organizational performance and foster a culture of continuous improvement.
6. **Challenges and Cultural Resistance** Implementing NPM in Indian PSUs has not been without challenges. Cultural resistance to change within these traditionally bureaucratic organizations has been a significant barrier. Effective change management strategies are essential to overcome this resistance and successfully implement NPM reforms.
7. **External Factors** External factors, such as market volatility and regulatory changes, also pose challenges to the successful implementation of NPM. PSUs must navigate these factors to maintain stability and achieve their performance goals under the NPM framework.

### III. STRATEGIC INITIATIVES

1. **Organizational Restructuring** SAIL has undertaken significant organizational restructuring to align its operations with market demands. This restructuring involves streamlining processes, reducing hierarchical layers, and enhancing operational efficiency. The goal is to create a more flexible and dynamic organization that can respond quickly to changes in the market environment.
2. **Performance Contracts** To improve accountability and performance, SAIL has introduced performance contracts for its senior management. These contracts link compensation to key performance indicators (KPIs), ensuring that senior leaders are incentivized to achieve specific targets and contribute to the company's strategic objectives. This approach fosters a results-oriented culture and drives continuous improvement.
3. **Quality Management** SAIL has embraced Total Quality Management (TQM) practices to enhance product quality and process efficiency. By focusing on continuous improvement, customer satisfaction, and adherence to international quality standards, SAIL aims to produce high-quality steel products that meet the evolving needs of its customers. TQM initiatives have helped SAIL improve its competitiveness and market reputation.
4. **Market Orientation** In response to increasing competition, SAIL has shifted towards a market-oriented approach. This strategy emphasizes understanding and meeting customer needs, competitive pricing, and expanding market share both domestically and internationally. By becoming more customer-centric, SAIL aims to enhance its market position and drive sustainable growth.

## IV. CONCLUSION

The comparative study of NPM implementation in ONGC and SAIL underscores the importance of strategic initiatives tailored to organizational contexts. Both organizations have achieved notable success through decentralization, performance measurement, technology integration, and human resource development. Despite facing cultural resistance and external challenges, their commitment to NPM principles has led to enhanced efficiency, competitiveness, and market orientation. These experiences provide valuable insights for other public sector entities aiming to adopt NPM reforms, highlighting the need for strong leadership, stakeholder engagement, and adaptability in navigating the complexities of public sector transformation.

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