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An Empirical Analysis of Corporate Structures in the Indian Oil & Gas Sector (PSUs): Exploring the Need of Organizational Restructuring

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Abstract

This study explores the need, strategies, and performance impact of organizational restructuring in India's public sector oil and gas companies, including IOCL, BPCL, ONGC, GAIL, and HPCL. Faced with evolving market dynamics, policy shifts, digital transformation, and environmental challenges, these enterprises are adopting varied restructuring methods—organizational, technological, financial, and legal—to remain competitive. The research employs a mixed-methods approach, combining primary data (questionnaires, interviews) and secondary sources (reports, literature) to analyse restructuring effects on financial metrics like Return on Capital Employed (ROCE) and non-financial factors such as employee satisfaction, decision-making efficiency, and innovation. Results indicate that effective communication structures, digital initiatives, and strategic realignment significantly enhance organizational performance. Cross-functional and flattened hierarchies contribute to agility, while technology adoption improves innovation and ESG compliance. This paper highlights the findings from the ongoing research work on *"Study of The Corporate Structures and Communication Strategies of The Indian Oil & Gas Sector (PSUs): Exploring Needs and means of Organizational Restructuring"* by the author which provides strategic insights for policymakers and managers aiming to strengthen PSU performance through informed restructuring practices.

Keywords: *Organizational Restructuring, Corporate Restructuring, Corporate Structure, Oil & Gas PSUs, Communication Structure, Innovation, ROCE, Strategic Management*

1. Introduction

Restructuring in organizations has become an important strategic instrument in promoting the competitiveness, efficiency and flexibility of organizations in Ernst & Young (2009) dynamic industries [1]. Restructuring in the Indian oil and gas industry and specifically in the Public Sector Undertakings (PSUs) companies like IOCL, BPCL, HPCL, ONGC, and GAIL is not only a response to crisis but also an initiative to keep up with the changing market environment, policy reforms, technological interventions, and energy transformation across the globe [2]. Liberalization of the Indian economy as well as requirements of digitalization, carbon neutrality, and enhanced foreign investment have meant that organizational structures and communication systems need to be redesigned in order to be agile and performance-driven.[3].This paper will discuss the necessity, process as well as the consequences of organizational restructuring in the Indian oil and gas PSUs [4]. It focuses on how communication structures, alignment of leadership and innovation contribute towards strategic realignment [5]. The

study utilizes both qualitative and quantitative data to explore the effect of restructuring efforts, including mergers, technologically updating, portfolio transforming, and hierarchical levelling on the performance of organizations [6]. It also measures non-financial results such as employee satisfaction, efficient decision making and use of resources [7]. The study contributes to knowledge on how to construct resilient and future-ready public enterprises in the important energy sector in India by establishing links between the domestic practice of restructuring and the international practice and standards.[8]

2. Research Methodology

Research Design

This study adopts a **mixed-methods research design**, integrating both qualitative and quantitative approaches to capture the multifaceted nature of organizational restructuring in the Indian oil and gas public sector. This design enables a comprehensive understanding of restructuring strategies, communication structures, and their impact on performance.

Research Approach

The **qualitative approach** includes in-depth interviews with senior management and policy makers in PSUs, while the **quantitative approach** involves data collection through structured questionnaires and organizational reports. The combination ensures contextual insights and statistical validation of findings.

Data Collection Methods

- **Questionnaires/Surveys**: Distributed to employees across various departments and levels in PSUs to evaluate perceptions on restructuring and communication effectiveness.
- **Interviews**: Conducted with 40–50 key officials including board members and executives to understand restructuring decisions and outcomes.
- **Secondary Data**: Sourced from annual reports, government publications, trade journals, press releases, and energy sector databases (e.g., PPAC, DPIIT, IEA).

Sampling Technique

A **stratified random sampling** method was employed to ensure a representative distribution across different PSUs (IOCL, BPCL, ONGC, GAIL, HPCL), departments, and hierarchical levels.

Data Analysis

- **Quantitative Data**: Analyzed using descriptive statistics, regression, and correlation to examine the impact of restructuring on metrics like ROCE, employee satisfaction, resource utilization, and innovation.
- **Qualitative Data**: Thematic analysis of interview transcripts to identify recurring patterns, leadership insights, and restructuring rationales.

Conceptual Framework

The framework positions **organizational performance** as the dependent variable, influenced by independent variables like restructuring type, communication structure, digital initiatives, and strategic realignment.

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Ethical Considerations

All participants were assured confidentiality. Data was used solely for academic purposes with informed consent.

This robust methodology ensures both empirical reliability and contextual relevance in evaluating restructuring practices in India's oil and gas PSUs.

3. Results

Organizational Communication Structure vs. Hierarchy & Decision Time

Table 1 and Figure 1 reveal that organizational communication structures significantly impact both hierarchy and decision-making speed. Cross-functional teams, with an average of 5.95 hierarchical levels, show the fastest decision time (11.69 days), indicating high agility and responsiveness. Flattened structures follow closely, confirming that reduced vertical layers enhance organizational agility. In contrast, digital hubs and matrix structures exhibit slightly higher decision times, possibly due to complexity in coordination. The findings suggest that adopting flatter, more collaborative communication frameworks can streamline decision-making processes and support faster organizational response in dynamic environments like the oil and gas sector.

Table 1: Organizational Communication Structure vs. Hierarchy & Decision Time

Communication Structure	Avg. Hierarchical Levels	Avg. Time to Decision (Days)
Cross-functional	5.95	11.69
Layered	6.22	12.05
Flattened	5.72	12.72
Matrix structure	6.02	12.78
Digital hub	6.13	13.38

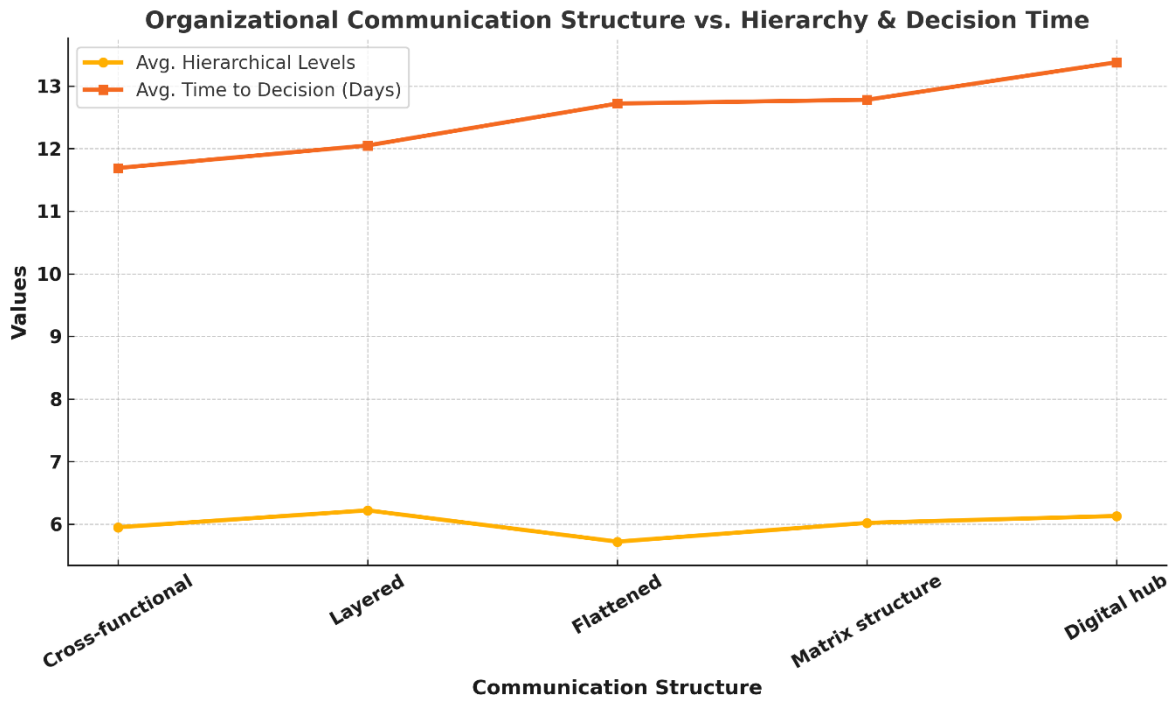

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Figure 1: Graphical Representation of Organizational Communication Structure vs. Hierarchy & Decision Time

Impact of Digital Initiatives on Innovation and ESG

Table 2 and Figure 2 illustrate the comparative impact of various digital initiatives on innovation, ESG performance, and resource utilization in Indian oil and gas PSUs. IoT leads with the highest innovation index (56.72) and strong resource utilization (74.60%), reflecting its role in enhancing operational intelligence. AI/ML closely follows, supporting predictive analytics and automation. ERP and Blockchain show balanced performance, improving process efficiency and traceability. Interestingly, Cloud computing, while slightly lower in innovation, achieves the highest ESG score (66.31), indicating its effectiveness in sustainability compliance. Overall, integrating digital technologies significantly boosts innovation and operational sustainability in PSU restructuring.

Table 2: Impact of Digital Initiatives on Innovation and ESG

Digital Initiative	Innovation Index	ESG Score	Resource Utilization (%)
IoT	56.72	65.16	74.60
AI/ML	56.33	64.67	72.90
ERP	54.88	65.84	72.43
Blockchain	54.57	65.02	72.85
Cloud	53.33	66.31	71.79

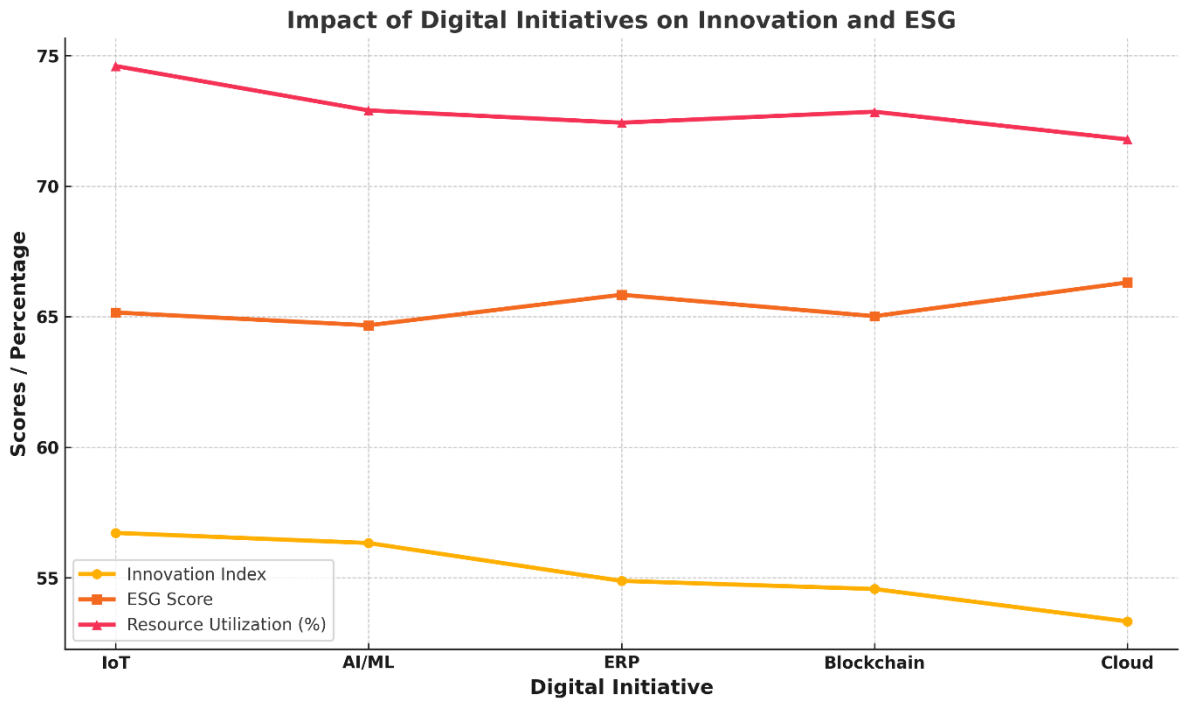

Figure 2: Graphical Representation of Impact of Digital Initiatives on Innovation and ESG

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M&A/Joint Ventures vs. Key Metrics

The comparison between companies engaged in Merger & Acquisition (M&A) activities and those that are not reveals insightful trends. Firms involved in M&A show marginally higher ROCE (12.76%) and net profit, indicating better financial performance likely driven by resource consolidation and market expansion. Additionally, employee satisfaction is slightly higher in M&A firms, possibly due to improved operational clarity or growth opportunities post-merger. However, non-M&A firms exhibit a higher innovation index (56.45), suggesting that internally focused companies may invest more consistently in R&D and innovation. This contrast highlights a trade-off between financial consolidation and innovation-driven strategies in organizational restructuring.

Table 3: M&A/Joint Ventures vs. Key Metrics

M&A Presence	ROCE (%)	Net Profit (₹ Cr)	Employee Satisfaction (%)	Innovation Index
Yes	12.76	13,787.38	75.68	53.85
No	12.58	13,196.47	74.31	56.45

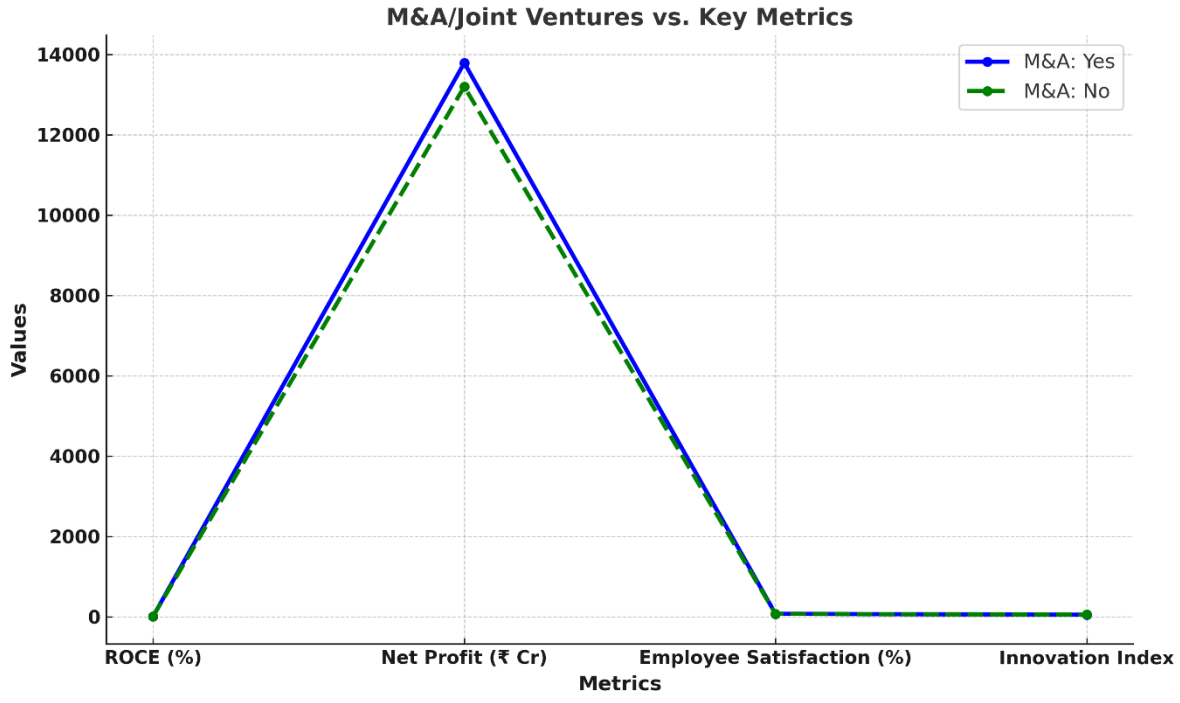

Figure 3: Graphical Representation of M&A/Joint Ventures vs. Key Metrics

Company-Wise Performance Summary

The company-wise performance summary discloses strategic strengths within the Indian oil and gas PSUs. BPCL has the highest ROCE (13.94%) and net profit which shows that it has good financial management and returns on capital. The resource utilization of ONGC and IOCL is the best (73.43 percent and 74.57 percent respectively) indicating good operational practices. HPCL and ONGC are better in terms of innovation, which implies greater focus on modernization and use of technology. These findings show that financial performance is mixed, but the companies that have embraced

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innovation and optimized the use of resources are at a better position to be competitive in the long term in the changing energy environment.

Table 4: Company-Wise Performance Summary

Company	ROCE (%)	Revenue (₹ Cr)	Net Profit (₹ Cr)	Resource Util. (%)	Innovation Index
BPCL	13.94	295,846	14,729	70.90	54.28
GAIL	13.17	288,444	13,578	72.55	54.87
HPCL	12.36	303,464	12,863	72.44	56.08
ONGC	12.17	303,624	13,736	73.43	56.55
IOCL	11.89	294,520	12,726	74.57	54.15

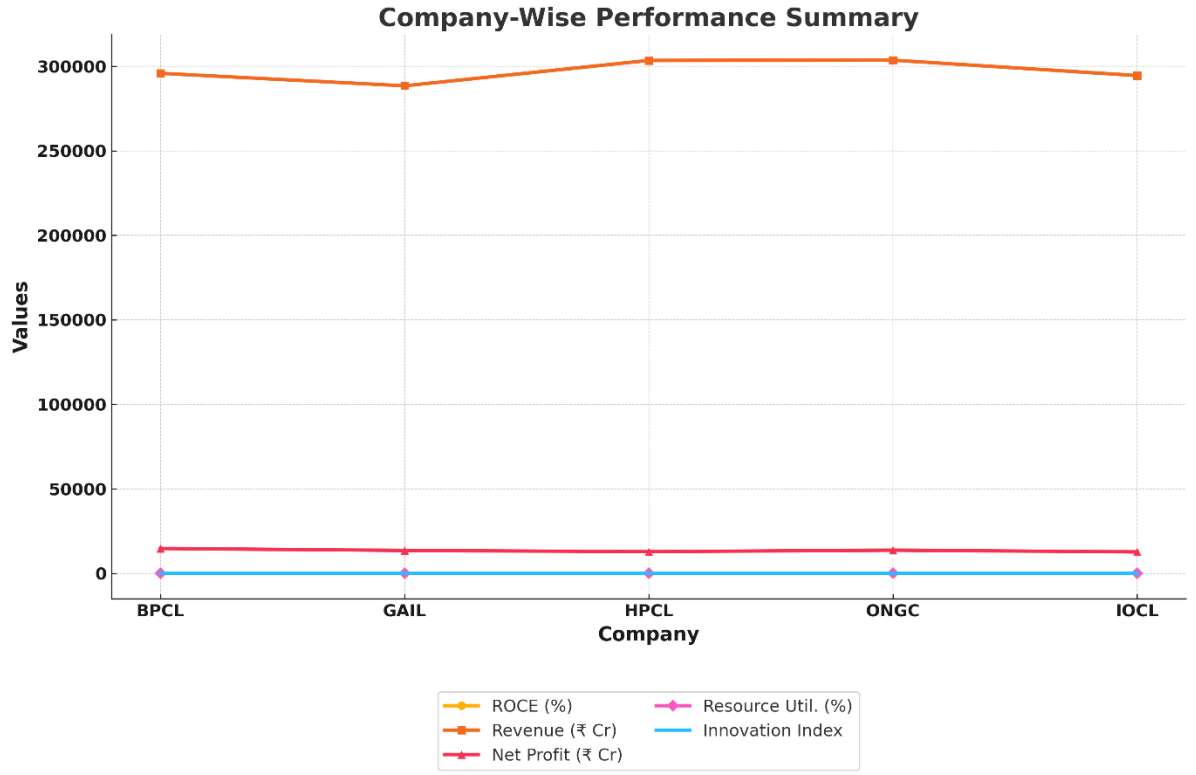

Figure 4: Graphical Representation of Company-Wise Performance Summary

4. Discussion

As the results of the present research point out, organizational restructuring in Indian oil and gas PSUs is a complex process that is technologically, regulatory and strategically driven. IOCL, BPCL, and ONGC are some of the companies that have resorted to various restructuring strategies like business realignment of units, digitalization, mergers, and joint ventures. These initiatives have different effects depending on the approach taken and the existing communication structure. As an example, flattened and cross-functional structures are associated with better speed of decision-making and employee satisfaction. Also, digital transformation, such as IoT and AI, is a source of innovation and resource use. Yet, it does not always imply that the financial benefits can be obtained immediately, meaning that there is a time delay between the restructuring and the tangible ROI. The findings also show that non-financial measures, such as organizational agility and ESG compliance are instrumental in long-term

sustainability. All in all, restructuring, coupled with strategic goals and proper communication, results in an improved performance of the organization.

5. Conclusion

This study finds that not only is organizational restructuring needed but it is also strategically important to the state run oil and gas concerns in India to survive in a fast changing energy environment. The paper confirms that restructuring can enhance operational efficiency, decision-making and innovation efforts, but only when it is undertaken using a well-planned approach and with the support of effective communication frameworks. successful restructuring depends on flattened hierarchies, cross-functional teams and digital integration. The financial ones, such as ROCE and net profit, demonstrate a slight increase, whereas such non-financial as employee satisfaction and resource utilization indicate a greater one. There is also the availability of M&A activities which further boosts performance and adaptability in the market. Finally, restructuring should not be considered as a quick-time solution but a continuous strategic exercise. In the case of Indian PSUs, restructuring to meet global best practice standards and local policy frameworks will be critical to attaining long-run expansion, efficacy, and adaptability in the vigorous energy market.

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