

PROJECT PORTFOLIO SELECTION AND OPTIMISATION IN ENTERPRISES

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In the presented study, strategic approaches and models in both local and global contexts are analysed comparatively. The integration of projects into the organisational strategy serves as the fundamental basis for effective resource management. Project portfolio management, as a centralised management process, involves not only the execution of projects but also the appropriate allocation of resources in line with strategic objectives and the selection of the right projects. Based on the analysis of various academic sources, researchers emphasise that the project selection process, regardless of individual perspectives, should be transformed into a multi-stage decision-making mechanism. In this context, extensive research demonstrates that focusing solely on financial indicators (NPV, ROI) leads to the marginalisation of strategic innovations and causes imbalances within the project portfolio.

In the local context, based on the author's conclusions, project portfolio selection should not be considered merely an economically significant decision but rather a strategic step that defines the organisation's future vision. Portfolio optimisation should be carried out based on the principle of the "added value" that each project brings to the organisation. Therefore, according to researchers at both local and global levels, modern optimisation models should simultaneously take into account economic efficiency, long-term competitive advantage, as well as strategic objectives. Accordingly, this paper provides a comprehensive analysis of portfolio theories, mechanisms for aligning projects with organisational strategy, various optimisation models, and several existing contradictions in this field [2].

In the modern corporate environment, several challenges, including rapid technological transformations and competitive pressures, compel organisations to seek more effective management methods to achieve their strategic objectives. Therefore, according to the PMI (2017) standards, Project Portfolio Management (PPM) plays a crucial role both in defining organisational priorities and in managing processes within a centralized system. Observations based on practical experience indicate that weak strategic alignment leads not only to delays in project execution but also to the fragmentation of resources across various directions. One of the primary proposed solutions to this problem is the implementation of a multi-stage selection system. The existing model applies the principle of a strategic filter, minimises subjectivity, and allows each project, in addition to its individual benefits, to contribute to the overall balance of the portfolio and to the organisation's long-term vision [1].

In the formation of a project portfolio, it is essential to define the selection criteria correctly. Organisations often prioritise financial metrics, assessing the current value of a project; however, it should be noted that considering this factor alone is not sufficient to ensure the project's sustainability. Observations from researchers' portfolio theories indicate that they develop specific concepts for

financial assets, balancing risk and return while appropriately adapting available resources to the project portfolio [3]. The primary objective here is to establish an optimal frontier that minimizes the overall portfolio risk, thereby considering not only the risk of individual projects but also their interactions within the portfolio.

Based on literature reviews, it can be concluded that in the domestic market environment of Azerbaijan, economic profitability, the development of local human capital, and local market risks must be taken into account. Moreover, not only tangible assets but also intangible assets, such as intellectual capital, represent specific factors that a project contributes to the organisation, and these factors constitute a fundamental part of the selection process. [2].

Once the selection criteria are established, optimal models such as multi-criteria decision-making and linear programming methods are used to identify the most effective combination of projects within limited resources. These methods play a crucial role not only in prioritizing projects and eliminating subjectivity but also in incorporating specific constraints into the models, thereby providing solutions that optimize the objectives.

A key point is that the optimisation process is not static; as certain market conditions change over time, project portfolios are transformed, updated, and developed within a dynamic environment. However, portfolios that remain unchanged may, over time, diverge from the organisation's strategic initiatives and goals. Therefore, during portfolio execution, optimisation models should be applied, projects with diminished effectiveness should be halted, and their resources should be reallocated to more suitable and promising directions based on the principle of strategic renewal [1,2,3].

Based on the conducted analyses, one of the key management mechanisms for ensuring an organisation's strategic resilience is the selection and optimisation of project portfolios. Research at both global and local levels indicates that mathematical models and strategic vision approaches should be synthesised and applied, directing resources toward value-creating initiatives. Furthermore, to achieve a competitive advantage in a dynamic market environment, project portfolios must be regularly updated and aligned with forthcoming strategic objectives.

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