

FROM THE EDITOR'S DESK

DELVIN D. HAWLEY and **O. FELIX AYADI** investigate the valuation of exchangeable securities by applying a variant of the Black-Scholes option pricing model. The results indicate that the market prices of these securities differ from their theoretical values, particularly at the time of issue. However, the deviation tends to shrink with time.

The measurement of organizational performance is a key issue in organizational effectiveness. **JOSEPH C. MONTGOMERY, DAVID J. LEMAK** and **RICHARD REED** discuss the recent shift away from the traditional "manager-centered" model to a "customer-centered" approach to measuring performance. The authors develop a model of "customer-centered" orientation and show how such a model would help improve organizational efficiency and effectiveness.

What are the critical success factors for small companies in the federal government competitive procurement process? **ROBERT S. FREY** emphasizes the importance of practical information and proven processes needed to plan, organize and prepare effective proposals.

Today's work force is more culturally diverse than ever before. The reality of working in multi-cultural environments underscores the need to understand how such diversity affects organizational goals. **GOLNAZ SADRI** studies two cultural groups, Asian-Americans and Caucasians, in an effort to assess differences in two important cognitions: locus of control and job satisfaction. Asian-Americans showed a more external locus of control and a lower level of job satisfaction than the Caucasian group.

In diversifying their portfolios to minimize overall risk, investors try to select securities that have low covariances. The minimum diversity problem, on the other hand, is one in which the emphasis is on selecting a set of elements exhibiting the smallest variation. **FRED GLOVER, CHING-CHUNG KUO** and **KRISHNA S. DHIR** formulate a number of integer programs to model

the minimum diversity problem. The complexity of the problem provides a motivation for the development of special procedures. The authors develop four heuristic approaches as a beginning and submit them for empirical analysis.

FRANKLIN STRIER

BURHAN F. YAVAS