**ABSTRACT**

The strong culture hypothesis has long dominated the discussion concerning the effect of organizational culture on organizational performance. The efficacy of the hypothesis, however, has been criticized for a wide range of methodological weaknesses, including a poor research model and its ethnocentric bias. Following a critical review of the hypothesis, the author’s present an alternative paradigm based on a multi-variate, subculture/institutional culture framework for analyzing the effect of culture on organizational performance. Their proposed competent culture paradigm is designed to be both more sensitive to culture bias and to the complexity inherent in the dynamic forces of organizational culture. To enhance clarity of the paradigm, the authors also present a standardized taxonomy of the hierarchal levels of culture. The paper concludes with a proposal for future research to test and further refine the competent culture paradigm.