Firms' sustainability orientation (SO) is widely understood as a strategic resource, which can lead to competitive advantage and superior (financial) performance. While recent empirical evidence suggests a moderate and positive relationship between SO and financial performance on a corporate level, little is understood about the influence of SO on new product development (NPD) success. Building on the natural-resource-based view (NRBV) of the firm, we hypothesize that firms' SO positively influences NPD success, because of efficiency gains and differentiation advantages. However, scholars have also argued that the win–win paradigm postulated by NRBV might not always hold because NPD managers might find it difficult to balance sustainability objectives with the needs of their customer and the competitive dynamics in their markets. It is, therefore, proposed that market knowledge competence (MKC) is an important capability, which helps firms to balance social and ecological objectives with economic goals such as profitability and market share. Using data from 343 international firms from 24 countries that was collected by the Product Development and Management Association, structural equation modeling results suggest that (1) SO positively influences NPD and that (2) this relationship is partially mediated by firms' market knowledge capabilities. The findings suggest that strategic-level SO and MKC are complementary in that they help in balancing trade-offs between sustainaility objectives and profitability goals. In this way, the study contributes to a better understanding of how critical NPD practices can help managers to translate firms' SO into NPD success. The article concludes by highlighting implications for product innovation managers.
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