

## **ABSTRACT**

*In the era of global competition, SMEs face increasing competitive pressure while being required to adopt sustainable practices. This study aims to analyze the effect of competitive pressure and green integration on sustainable firm performance with the mediating roles of green CSR, green product innovation, and green process innovation in the SME sector in Semarang. The theoretical foundation of this research is the Natural Resource-Based View (NRBV) and Dynamic Capability Theory (DCT), which emphasize the importance of green capabilities and innovation in creating sustainable competitive advantage. This research employs a quantitative approach using Structural Equation Modeling (SEM) with AMOS. Data were collected through questionnaires distributed to 150 SME respondents in Semarang who have been aware of and implemented sustainability principles in running their businesses. The results indicate that competitive pressure and green integration have a positive and significant effect on sustainable firm performance. Furthermore, the mediating variables—green CSR, green product innovation, and green process innovation—were also found to have a positive and significant impact in enhancing sustainable firm performance. The findings highlight the importance for SMEs to respond to competitive pressures, strengthen green integration with stakeholders, and implement green product innovation, green process innovation, and environmentally friendly CSR practices as strategies to improve competitiveness and sustainable performance. This study provides practical contributions for SMEs in developing green business strategies oriented toward sustainability and offers academic insights into the role of environmental factors in strengthening the competitiveness and long-term performance of SMEs.*

**Keywords:** *Competitive Pressure, Green Integration, Green CSR, Green Product Innovation, Green Process Innovation, Sustainable Firm Performance, SMEs*