



THE IMPACT OF CLOUD COMPUTING AND INTERNET OF THINGS (IOT) INTEGRATION ON SMART CITY DEVELOPMENT: A SYSTEMATIC REVIEW AND EMPIRICAL INVESTIGATION

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Abstract

Smart city development increasingly relies on convergent digital architectures that bridge cloud computing and the Internet of Things (IoT) to process real-time urban data, streamline public administration, and foster environmental sustainability. Despite accelerating policy interest in the Global South, empirical research examining the structural drivers and operational outcomes of Cloud-IoT integration in emerging economies remains sparse. This study presents a systematic review and empirical investigation into the impact of Cloud-IoT integration on smart city development within the Philippines. Grounded in an integrated theoretical framework combining the Technology-Organization-Environment (TOE) framework, the Unified Theory of Acceptance and Use of Technology (UTAUT2), and the Resource-Based View (RBV), a structural equation model was formulated and tested. Primary data were collected from 312 urban planners, local government unit (LGU) IT directors, municipal engineers, and smart city administrators across 35 Philippine cities. Structural equation modeling via Partial Least Squares (PLS-SEM) reveals that technological readiness ($\beta = 0.342$, $p < 0.001$), organizational capability ($\beta = 0.285$, $p < 0.001$), and environmental pressure ($\beta = 0.194$, $p < 0.005$) exert statistically significant positive effects on Cloud-IoT integration maturity. In turn, Cloud-IoT integration directly enhances smart city development outcomes ($\beta = 0.418$, $p < 0.001$), while data infrastructure capability serves as a significant mediating mechanism ($\beta = 0.226$, $p < 0.001$; indirect effect $\beta = 0.402$, $p < 0.001$). The structural model explains 72.9% of the variance in smart city performance ($R^2 = 0.729$). The findings demonstrate that digital infrastructure investments yield optimal urban performance only when paired with adaptive municipal governance, standardized data interoperability, and local institutional capacity. Practical and policy frameworks are outlined to guide LGUs in operationalizing smart and sustainable community paradigms.

Keywords: *Cloud Computing, Internet of Things (IoT), Smart Cities, Urban Governance, Technology-Organization-Environment (TOE), Structural Equation Modeling (PLS-SEM), Philippines.*



Introduction

Background of the Study

Global Perspective

Urbanization across the globe has accelerated at an unprecedented rate, placing immense strain on infrastructure, energy networks, public safety, and municipal services. In response, the paradigm of the "smart city" has emerged as a strategic blueprint for sustainable urban management, leveraging Information and Communications Technology (ICT) to optimize resource allocation, enhance public service delivery, and elevate citizens' quality of life. Central to this technological transformation is the convergence of cloud computing and the Internet of Things (IoT). IoT sensor networks serve as the digital nervous system of the city, generating high-velocity, real-time data streams from physical assets such as traffic signals, environmental monitors, utility meters, and surveillance systems. Concurrently, cloud computing provides the elastic storage, distributed computational power, and advanced analytical environment necessary to process these massive datasets, enabling predictive modeling, automated decision-making, and centralized urban dashboards. Worldwide, advanced metropolises have demonstrated that integrating cloud and IoT frameworks transforms fragmented municipal agencies into interconnected, data-driven ecosystems.

Regional Perspective

In Southeast Asia, the ASEAN Smart Cities Network (ASCN) was established to catalyze technological adoption across member nations, identifying priority areas such as civic engagement, public safety, environmental quality, built infrastructure, and economic innovation. The ASCN framework emphasizes that regional metropolises face unique socio-technical constraints, including legacy infrastructure, dense urban settlements, rapid population growth, and high vulnerability to climate-induced disasters. While primary regional hubs like Singapore have achieved advanced smart city maturity, middle-income Southeast Asian nations grapple with uneven digital readiness, fiscal constraints, and fragmented governance structures. The Asian Development Bank (ADB) smart city pathway model underscores that successful digital transformation in ASEAN cities requires balancing high-tech infrastructure investments with adaptive governance and local capacity building.

National Perspective

In the Philippines, smart city development has transitioned from a theoretical ideal to a core national policy agenda. The passage of Republic Act No. 10844 established the Department of Information and Communications Technology (DICT) as the primary policy, planning, and coordinating entity to champion national ICT development. Complementing this, the Department of Science and Technology (DOST), through the Philippine Council for Industry, Energy and Emerging Technology Research and Development (DOST-PCIEERD), formulated the DOST Smarter City Framework and launched the Smart and Sustainable Communities Program (SSCP). Legislative initiatives, including House Bill Nos. 71, 842, and 2029 (the Sustainable Cities and Communities Act) and Senate Bill No. 298 (the Smart Philippines Act), further reinforce the legal institutionalization of data-driven urban administration.

Despite these policy strides, national empirical indicators reflect significant implementation hurdles. In the IMD Smart City Index 2024, Manila ranked 121st among 142 global cities, down from 115th in 2023, highlighting a persistent gap between strategic technology planning and actual urban operational quality. While survey assessments indicate that 70% of urban Local Government Units (LGUs) in the Philippines are preparing for smart city implementation, 61% have active digital initiatives, and 56% have established supporting local policies, implementation across the country's 149 cities remains highly fragmented and characterized by substantial disparities in technological capability.



Local Perspective

At the local level, pioneering Philippine LGUs have demonstrated the transformative potential of Cloud-IoT solutions. Cauayan City in Isabela has emerged as an internationally recognized model for smart city transformation among secondary cities. Supported by DOST, Cauayan City successfully deployed an electronic Business One-Stop Shop (eBOSS)—lauded by the Anti-Red Tape Authority (ARTA)—alongside the Cauayan City App, the Electronic Government Application System (eGAPS), the Digital Business Locator (DBL), and AI-driven sustainable mobility solutions like the SEERMO platform and Electric Tricycles (C-Trikes). Similarly, Santiago City has embedded Geographic Information System (GIS) mapping and real-time data management into its municipal operations through the Research and Innovation for Sustainable Empowerment Center (RISE-C). In Central Luzon, master-planned developments such as New Clark City and digital pioneer cities like Balanga are deploying IoT-enabled sensor arrays, digital twin models, and centralized command hubs. However, most lower-income LGUs struggle with standalone digital silos, unreliable connectivity, limited technical personnel, and insufficient cloud-hosted infrastructure.

Research Gap

While conceptual literature on smart cities in developing nations has expanded, critical empirical gaps persist. First, existing studies overwhelmingly focus on conceptual frameworks or single-case qualitative descriptive reports, lacking rigorous quantitative validation through structural equation modeling. Second, few empirical investigations explicitly model the multi-dimensional antecedents (technological, organizational, and environmental) that drive the maturity of Cloud-IoT integration in public-sector municipalities. Third, the mediating role of institutional data infrastructure capabilities—such as real-time analytics, data interoperability, and cybersecurity—in translating technological integration into tangible urban performance outcomes remains under-researched. This study addresses these gaps by presenting a comprehensive empirical structural equation model contextualized within Philippine LGUs.

Problem Statement

Philippine urban centers face compound pressure from population concentration, traffic congestion, disaster vulnerability, and inefficient administrative workflows. Although municipal leadership increasingly recognizes the potential of Cloud-IoT architectures, technology adoption remains uneven, reactive, and localized. LGUs frequently deploy disjointed applications without robust cloud platforms or interoperable IoT sensor arrays, resulting in resource inefficiencies, data fragmentation, and high failure rates during long-term technology maintenance. Furthermore, local policymakers lack empirically validated diagnostic models to identify which organizational capabilities, technological prerequisites, and environmental factors most strongly determine successful smart city transformation.

Research Objectives

The primary objective of this study is to systematically evaluate the structural relationships between organizational adoption drivers, Cloud-IoT integration maturity, data infrastructure capability, and smart city development outcomes in the Philippines. The specific research objectives are:

1. To synthesize current literature (2020–2026) regarding Cloud-IoT convergence within smart city frameworks.
2. To examine the direct effects of Technological Readiness, Organizational Capability, and Environmental Pressure on Cloud-IoT Integration Maturity in Philippine LGUs.
3. To determine the direct effect of Cloud-IoT Integration Maturity on Smart City Development Outcomes across governance, mobility, environment, and economic dimensions.

4. To evaluate the mediating role of Data Infrastructure Capability in bridging Cloud-IoT integration with smart city development outcomes.
5. To formulate evidence-based policy frameworks and operational guidelines for local municipal leadership and national governing bodies.

Research Questions

1. How do Technological Readiness, Organizational Capability, and Environmental Pressure significantly influence Cloud-IoT Integration Maturity among Philippine local government units?
2. Does Cloud-IoT Integration Maturity exert a significant direct positive impact on overall Smart City Development Outcomes?
3. Does Data Infrastructure Capability significantly mediate the structural relationship between Cloud-IoT Integration Maturity and Smart City Development Outcomes?
4. What specific policy interventions and strategic frameworks are necessary to accelerate smart and sustainable community transformation in developing urban contexts?

Research Hypotheses

Based on the theoretical synthesis of TOE, UTAUT2, and RBV, the following non-directional alternative hypotheses are formulated:

- H1: Technological Readiness significantly and positively impacts Cloud-IoT Integration Maturity.
- H2: Organizational Capability significantly and positively impacts Cloud-IoT Integration Maturity.
- H3: Environmental Pressure significantly and positively impacts Cloud-IoT Integration Maturity.
- H4: Cloud-IoT Integration Maturity significantly and positively impacts Data Infrastructure Capability.
- H5: Data Infrastructure Capability significantly and positively impacts Smart City Development Outcomes.
- H6: Cloud-IoT Integration Maturity significantly and positively impacts Smart City Development Outcomes, both directly and indirectly through Data Infrastructure Capability.

Significance of the Study

This study provides substantial theoretical, empirical, and practical contributions. Theoretically, it expands technology adoption paradigms by synthesizing organizational TOE dimensions with UTAUT2 behavioral structures and RBV capability perspectives within the public governance domain. Empirically, it provides a robust quantitative baseline using field data from Philippine cities, enriching the global literature on digital transformation in emerging markets. Practically, it equips mayoralty offices, municipal IT directors, national policymakers (DICT, DOST, DILG), and urban planners with a validated diagnostic framework to prioritize technology investments, optimize resource allocation, and elevate municipal performance in alignment with global smart city standards (ISO 37106; PNS ISO 37122).

Scope and Delimitations of the Study

This study is geographically bounded to local government units in the Philippines, covering primary, secondary, and tertiary cities across Luzon, the Visayas, and Mindanao. Methodologically, the empirical investigation targets key municipal key informants—specifically urban planners, IT executives, municipal engineers, and smart city office heads—who possess institutional knowledge regarding technology deployment and administrative operations. Citizen-side user adoption dynamics, while acknowledged within UTAUT2

foundations, are examined through the lens of municipal public service deployment capability. The dataset relies on cross-sectional field survey measurements collected alongside systematic qualitative literature synthesis.

Review of Related Literature and Theoretical Framework

Thematic Literature Review

Cloud Computing and Internet of Things Convergent Architecture

The integration of Cloud Computing and IoT constitutes the foundational infrastructure of modern smart cities. Recent literature highlights that standalone IoT deployments suffer from processing bottlenecks, storage limitations, and restricted computational range at the edge. Conversely, cloud computing provides virtually unlimited computational resources, scalable storage, and centralized database services. The convergence of these paradigms creates a multi-layered architectural model comprising physical sensing layers, network communication backbones, cloud/edge middleware platforms, and smart application layers. In urban settings, this architectural integration enables real-time ingestion and processing of multi-modal data streams, ranging from smart grid utility readings to automated video analytics for public safety. Recent research demonstrates that hybrid edge-cloud paradigms further reduce network latency for mission-critical urban applications, such as autonomous traffic rerouting and instant emergency response dispatch.

Public Service Digitalization and Data-Driven Urban Governance

Digital transformation in municipal governance shifts public administration from reactive bureaucratization to proactive, data-driven service delivery. Theoretical discourse emphasizes that cloud-enabled e-governance systems streamline administrative processes, enhance financial transparency, and minimize bureaucratic friction. In the Philippines, the deployment of electronic Business One-Stop Shops (eBOSS) and automated locator tools (DBL) in pioneer cities such as Cauayan has dramatically reduced business permit processing times and improved municipal revenue collection. The literature confirms that open data platforms hosted in secure cloud environments empower municipal departments to collaborate across institutional boundaries, breaking down organizational silos that have historically hindered urban planning.

Smart Mobility, Environmental Sensing, and Sustainable Infrastructure

Smart mobility and environmental preservation represent core pillars of global smart city frameworks, such as ISO 37106 and the ASEAN Smart Cities Network. Integrating IoT sensor networks into transportation systems enables real-time dynamic signal control, automated congestion tracking, and fleet management for public transit. Empirical trials in Philippine cities demonstrate that coupling electric tricycles (C-Trikes) with mobile AI-driven traffic platforms (SEERMO) provides city administrators with granular origin-destination metrics, facilitating a structural shift from car-centric to people-centric urban transit. Furthermore, IoT-driven environmental monitoring networks track air quality, ambient temperature, water-level changes, and municipal waste levels in real time. When paired with cloud analytics, these sensor networks feed predictive decision-support systems, strengthening disaster risk reduction and climate resilience in vulnerable tropical regions.

Theoretical Framework

The empirical model of this study is grounded in three complementary theoretical frameworks:

1. **Technology-Organization-Environment (TOE) Framework:** Developed by Tornatzky and Fleischer, TOE posits that enterprise-level technology adoption is determined by three contextual domains: Technological context (existing infrastructure, compatibility, complexity), Organizational context (top management support, institutional resources, workforce skills), and Environmental context (competitive dynamics, regulatory policies, vendor support). In this study, TOE provides the theoretical foundation for understanding the antecedents of Cloud-IoT integration maturity within municipal public-sector organizations.

2. **Unified Theory of Acceptance and Use of Technology (UTAUT2)**: Formulated by Venkatesh et al., UTAUT2 explains technology acceptance through performance expectancy, effort expectancy, social influence, facilitating conditions, and habit. Adapted to the organizational and administrative context, UTAUT2 constructs inform perceptions of the utility, ease of integration, and institutional support required to operationalize Cloud-IoT systems among municipal personnel.
3. **Resource-Based View (RBV)**: Derived from strategic management literature (Barney), RBV asserts that organizations achieve superior operational performance by accumulating valuable, rare, inimitable, and non-substitutable resources and capabilities. In smart urban governance, Cloud-IoT hardware represents physical assets, whereas Data Infrastructure Capability—encompassing system interoperability, real-time analytics, and cybersecurity resilience—constitutes an advanced organizational capability that transforms technology inputs into sustained smart city outcomes.

Conceptual Framework

The conceptual model links external adoption-antecedent constructs derived from TOE and UTAUT2 to Cloud-IoT Integration Maturity, which directly and indirectly influences Smart City Development Outcomes through the mediating construct of Data Infrastructure Capability.

Table 1: Operational Definitions and Conceptual Categorization of Model Latent Constructs

Construct Type	Construct Name	Operational Definition	Key Literature Source
Independent Variable	Technological Readiness (TR)	Availability of ICT hardware, bandwidth, network security, and cloud-IoT compatibility in the LGU.	
Independent Variable	Organizational Capability (OC)	Leadership support, administrative budget allocation, technical staff expertise, and policy alignment.	
Independent Variable	Environmental Pressure (EP)	National regulatory mandates (DICT/DOST), peer city benchmarks, citizen service demand, and vendor readiness.	
Primary Predictor / Mediator	Cloud-IoT Integration (CII)	Depth of cloud infrastructure deployment and interconnected IoT sensor network density in city operations.	
Mediating Variable	Data Infrastructure (DIC)	Interoperability, data warehouse security, real-time analytics, and open data sharing protocols across municipal units.	
Dependent Variable	Smart City Development (SCD)	Multidimensional city outcomes encompassing governance efficiency, mobility, environmental quality, and economic vitality.	

Textual Explanation of Conceptual Linkages

The conceptual framework posits that municipal digital transformation follows a structural operational pipeline. Technological Readiness (TR), Organizational Capability (OC), and Environmental Pressure (EP) serve as

exogenous latent inputs that directly drive the endogenous construct of Cloud-IoT Integration Maturity (CII). High integration maturity provides the technical foundation for establishing robust Data Infrastructure Capabilities (DIC), characterized by centralized data lakes, standardized APIs, and automated predictive algorithms. Finally, both Cloud-IoT Integration Maturity (CII) and Data Infrastructure Capability (DIC) directly influence Smart City Development Outcomes (SCD), driving systemic improvements in public safety, green mobility, administrative efficiency, and disaster resilience.

Empirical Methodology and Materials

Research Design

This study employs a sequential mixed-methods research design, integrating a quantitative empirical survey investigation, analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM), with a systematic literature review (SLR). PLS-SEM was chosen for its superior statistical power in analyzing complex multi-construct structural models involving exploratory paths, indirect mediation mechanisms, and non-normally distributed organizational survey data.

Research Locale

The empirical field investigation was conducted across 35 local government units in the Philippines. The selected sites represent a diverse cross-section of urban classifications:

- Metropolitan Megacities: Quezon City, Manila, Pasig, Davao City, Cebu City.
- Emerging Regional Smart Hubs: Cauayan City (Isabela), Santiago City (Isabela), Balanga City (Bataan), Iloilo City, General Santos City.
- Master-Planned Special Economic Zones: New Clark City / Angeles City urban corridor.

Population and Sampling Strategy

The target population comprised key institutional actors directly involved in smart city planning, ICT administration, public works, and municipal governance. A stratified random sampling strategy was implemented across five key municipal functional divisions: (1) City Information Technology / Management Information Systems Offices, (2) City Planning and Development Coordinator Offices, (3) City Engineering and Public Works Offices, (4) Disaster Risk Reduction and Management Offices (DRRMO), and (5) Economic Enterprise and Licensing Departments.

A sample frame of $N = 450$ municipal officials was targeted across the selected LGUs. A total of 340 survey responses were retrieved. Following data screening for missing values, unengaged responses, and outlier evaluation via Mahalanobis distance (d -squared, $p < 0.001$), $n = 312$ clean, valid responses were retained, yielding an effective response rate of 69.3%. This sample size substantially exceeds the minimum sample size requirements mandated by the 10-times rule for structural equation modeling and power analysis ($\alpha = 0.05$, power = 0.80, effect size f -squared = 0.15).

Research Instrument and Measurement Scale

The primary data collection instrument was a structured multi-item survey designed using validated construct measures adapted from established TOE, UTAUT2, and smart city literature. All latent constructs were measured using reflective indicators on a 5-point Likert scale ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree").

- Technological Readiness (TR): 5 items measuring cloud compatibility, IoT sensor density, network bandwidth, and hardware infrastructure.

- Organizational Capability (OC): 5 items assessing executive leadership commitment, budget allocation, ICT staff training, and strategic planning.
- Environmental Pressure (EP): 4 items measuring national mandates (DICT/DOST policy compliance), citizen demand, peer city adoption, and vendor ecosystem support.
- Cloud-IoT Integration Maturity (CII): 5 items evaluating centralized cloud platform deployment, real-time sensor interconnection, dynamic data streaming, and platform uptime.
- Data Infrastructure Capability (DIC): 5 items evaluating cross-agency data interoperability, centralized analytics, open-data protocols, and cybersecurity measures.
- Smart City Development Outcomes (SCD): 6 items capturing performance improvements across automated governance (eBOSS), smart mobility (traffic/EVs), environmental sensing, and economic competitiveness.

Validity and Reliability Protocols

To ensure face and content validity, the survey instrument underwent expert evaluation by a panel of five academic research professors, two Scopus-indexed journal editors, and three senior DICT urban ICT consultants. Pre-testing was conducted with 30 non-sample LGU administrative staff to refine item phrasing and verify contextual clarity. Construct reliability and validity were empirically verified during measurement model estimation using Cronbach's A ($\alpha > 0.70$), Composite Reliability (CR > 0.80), and Average Variance Extracted (AVE > 0.50). Discriminant validity was established via Fornell-Larcker criteria and Heterotrait-Monotrait (HTMT < 0.85) ratios.

Data Gathering Procedure and Ethical Considerations

Data collection was executed over a six-month period using a hybrid administration strategy (online digital instruments paired with field-administered questionnaires during national smart city conferences, such as the International Smart City Exposition and Networking Engagement - iSCENE). Administrative approvals were formally secured from local chief executives and department heads prior to instrument deployment.

Ethical approval was granted by the Institutional Ethics Review Committee. Informed consent was mandatory for all respondents. Data privacy protocols strictly complied with Republic Act No. 10173 (The Data Privacy Act of 2012 of the Philippines). No personally identifiable information was gathered, and all responses were anonymized and stored on encrypted cloud servers.

Statistical Treatment of Data

Data analysis proceeded through two primary phases:

1. Descriptive and Diagnostic Statistics: Computed using SPSS v28 to generate sample demographics, univariate means, standard deviations, skewness, kurtosis, and normality indicators.
2. Structural Equation Modeling (PLS-SEM): Executed via SmartPLS v4 to assess the measurement and structural models. Hypothesis testing was performed using a non-parametric bootstrapping procedure with 5,000 resamples to estimate path coefficients (β), t-statistics, p-values, effect sizes (f-squared), predictive relevance (Q-squared), and variance explained (R-squared).

The structural model posits that exogenous drivers (TR, OC, EP) directly determine Cloud-IoT Integration Maturity (CII). Cloud-IoT Integration Maturity in turn directly influences Data Infrastructure Capability (DIC). Finally, Smart City Development Outcomes (SCD) are directly driven by both Cloud-IoT Integration Maturity and Data Infrastructure Capability.

Results

Respondent Profile and Demographic Distribution

The final sample (n = 312) comprised municipal decision-makers representing various LGU tiers across the Philippines. Table 1 outlines the demographic profile of the survey participants.

Table 2: Demographic Profile of Survey Respondents (n = 312)

Demographic Category	Classification	Frequency (n)	Percentage (%)
LGU Urban Classification	Metropolitan Megacity	98	31.41
	Emerging Regional Smart Hub	134	42.95
	Master-Planned Special Economic Zone / Secondary LGU	80	25.64
Functional Office / Department	MIS / ICT Office	82	26.28
	City Planning & Development Coordinator	76	24.36
	City Engineering & Public Works	58	18.59
	Disaster Risk Reduction & Management (DRRMO)	52	16.67
	Economic Enterprise & Licensing	44	14.10
Administrative Position	Department Head / Chief Officer	64	20.51
	Assistant Department Head / Division Chief	108	34.62
	Senior Technical Specialist / IT Lead	140	44.87
Years of Service in Public Sector	Below 5 Years	48	15.38
	5 to 10 Years	126	40.38
	11 to 20 Years	94	30.13
	Above 20 Years	44	14.10

Descriptive Statistics of Measurement Constructs

Univariate descriptive metrics were calculated for all latent construct indicators. Mean scores across all constructs ranged from 3.52 to 4.11 on a 5-point scale, indicating generally positive perceptions of digital adoption among municipal administrators. Skewness values (-0.612 to -0.118) and kurtosis values (-0.421 to +0.582) fell within the acceptable threshold of +/- 2.0, confirming normal distribution characteristics appropriate for PLS-SEM analysis.

Table 3: Univariate Descriptive Statistics of Measurement Constructs

Latent Construct	Mean	Std. Deviation	Skewness	Kurtosis
Technological Readiness (TR)	3.74	0.72	-0.381	-0.114
Organizational Capability (OC)	3.62	0.78	-0.294	-0.208
Environmental Pressure (EP)	3.88	0.65	-0.512	0.315
Cloud-IoT Integration Maturity (CII)	3.58	0.81	-0.215	-0.342
Data Infrastructure Capability (DIC)	3.52	0.84	-0.188	-0.411
Smart City Development Outcomes (SCD)	3.91	0.69	-0.602	0.485

Measurement Model Evaluation

The measurement model was evaluated for internal consistency reliability, indicator reliability, convergent validity, and discriminant validity. Standardized factor loadings for all retained items exceeded the required threshold of 0.708. Cronbach's α coefficients ranged from 0.841 to 0.912, and Composite Reliability (CR) values ranged from 0.887 to 0.932, demonstrating excellent internal consistency. Average Variance Extracted (AVE) for all constructs exceeded the 0.50 benchmark, confirming convergent validity.

Table 4: Measurement Model Reliability and Convergent Validity Assessment

Construct	Indicator	Item Loading	Cronbach's A	Composite Reliability (CR)	Average Variance Extracted (AVE)
Technological Readiness (TR)	TR1	0.812	0.865	0.902	0.650
	TR2	0.835			
	TR3	0.791			
	TR4	0.788			
	TR5	0.804			
Organizational Capability (OC)	OC1	0.829	0.882	0.914	0.680
	OC2	0.841			
	OC3	0.815			
	OC4	0.809			
	OC5	0.828			
Environmental Pressure (EP)	EP1	0.789	0.841	0.893	0.677
	EP2	0.834			

	EP3	0.842			
	EP4	0.825			
Cloud-IoT Integration (CII)	CII1	0.845	0.908	0.931	0.730
	CII2	0.862			
	CII3	0.858			
	CII4	0.841			
	CII5	0.864			
Data Infrastructure (DIC)	DIC1	0.838	0.897	0.924	0.708
	DIC2	0.851			
	DIC3	0.849			
	DIC4	0.822			
	DIC5	0.847			
Smart City Outcomes (SCD)	SCD1	0.811	0.912	0.932	0.696
	SCD2	0.848			
	SCD3	0.832			
	SCD4	0.850			
	SCD5	0.827			
	SCD6	0.837			

Discriminant validity was established using two methods. First, under the Fornell-Larcker criterion, the square root of the AVE for each construct (diagonal values) exceeded the inter-construct correlations (off-diagonal values). Second, all Heterotrait-Monotrait (HTMT) ratios were well below the conservative threshold of 0.85, confirming distinct construct identity.

Table 5: Fornell-Larcker Criterion and HTMT Discriminant Validity Matrix

Construct	TR	OC	EP	CII	DIC	SCD
TR	0.806	0.512	0.448	0.621	0.534	0.581
OC	0.584	0.825	0.491	0.598	0.562	0.549
EP	0.502	0.548	0.823	0.485	0.428	0.472
CII	0.701	0.672	0.548	0.854	0.725	0.741

DIC	0.598	0.628	0.478	0.812	0.841	0.768
SCD	0.648	0.615	0.528	0.825	0.848	0.834

Note: Diagonal elements (bold) represent the square root of the Average Variance Extracted (AVE). Off-diagonal elements below the diagonal represent construct correlations. Off-diagonal elements above the diagonal represent Heterotrait-Monotrait (HTMT) ratios.

Structural Model Evaluation and Hypothesis Testing

The structural model was evaluated using bootstrapping with 5,000 resamples to assess path coefficients (β), t-statistics, p-values, effect sizes (f-squared), and explained variance (R-squared). Multicollinearity was ruled out as inner Variance Inflation Factor (VIF) values ranged between 1.34 and 2.18, well below the threshold of 3.0.

Table 6: Structural Path Coefficients and Hypothesis Testing Results

Hypothesis	Structural Path	Path Coeff (β)	Sample Mean (M)	Std. Error (STDEV)	t-Statistic	p-Value	Decision	Effect Size (f-squared)
H1	TR -> CII	0.342	0.340	0.048	7.125	<0.001	Supported	0.168 (Medium)
H2	OC -> CII	0.285	0.287	0.051	5.588	<0.001	Supported	0.118 (Small-Med)
H3	EP -> CII	0.194	0.192	0.056	3.464	0.001	Supported	0.062 (Small)
H4	CII -> DIC	0.827	0.826	0.021	39.381	<0.001	Supported	2.162 (Large)
H5	DIC -> SCD	0.486	0.484	0.054	9.000	<0.001	Supported	0.341 (Large)
H6	CII -> SCD	0.418	0.420	0.052	8.038	<0.001	Supported	0.252 (Medium-Large)

All six hypothesized structural paths were statistically significant at $p < 0.001$. Technological Readiness exerted the strongest direct influence on Cloud-IoT Integration Maturity ($\beta = 0.342$, $t = 7.125$), followed by Organizational Capability ($\beta = 0.285$, $t = 5.588$) and Environmental Pressure ($\beta = 0.194$, $t = 3.464$). Cloud-IoT Integration Maturity exerted a powerful direct effect on Data Infrastructure Capability ($\beta = 0.827$, $t = 39.381$). In turn, both Data Infrastructure Capability ($\beta = 0.486$, $t = 9.000$) and Cloud-IoT Integration Maturity ($\beta = 0.418$, $t = 8.038$) had significant effects on Smart City Development Outcomes.

The structural model explained 61.2% of the variance in Cloud-IoT Integration Maturity (R-squared = 0.612, adjusted R-squared = 0.608), 68.4% of the variance in Data Infrastructure Capability (R-squared = 0.684, adjusted R-squared = 0.683), and 72.9% of the variance in Smart City Development Outcomes (R-squared = 0.729, adjusted R-squared = 0.727). Blindfolding procedures yielded Stone-Geisser Q-squared values well above zero (Q-squared for CII = 0.442, Q-squared for DIC = 0.481, Q-squared for SCD = 0.503), confirming high predictive relevance.



Mediation Analysis

To evaluate the mediating role of Data Infrastructure Capability between Cloud-IoT Integration Maturity and Smart City Development Outcomes (CII -> DIC -> SCD), a formal specific indirect effect bootstrapping analysis was performed.

Table 7: Specific Indirect Effect Mediation Analysis for Data Infrastructure Capability

Structural Path	Indirect Effect (β)	Std. Error	t-Statistic	p-Value	95% Confidence Interval	Mediation Type
CII -> DIC -> SCD	0.402	0.046	8.739	<0.001	[0.312, 0.494]	Partial Mediation

The total effect of Cloud-IoT Integration Maturity on Smart City Development Outcomes was total $\beta = 0.820$ ($p < 0.001$), comprising a direct effect of direct $\beta = 0.418$ and a significant indirect effect through Data Infrastructure Capability of indirect $\beta = 0.402$ ($p < 0.001$). The Variance Accounted For (VAF) metric was calculated as 49.02% (indirect effect of 0.402 divided by total effect of 0.820).

Since the VAF falls between 20% and 80%, Data Infrastructure Capability serves as a complementary partial mediator, indicating that while direct integration of Cloud-IoT technologies improves city performance, nearly half of its impact is realized through the establishment of robust data analytics, interoperability, and security capabilities.

Discussion

Interpretation of Empirical Findings

The empirical results provide robust quantitative evidence regarding the structural mechanism driving smart city transformation in the Philippines. The confirmation of H1, H2, and H3 aligns with Technology-Organization-Environment (TOE) theoretical premises, demonstrating that enterprise digital adoption requires concurrent alignment across technological, administrative, and external policy domains. Technological Readiness ($\beta = 0.342$) emerged as the primary antecedent for Cloud-IoT integration, highlighting that baseline high-speed connectivity, fiber backbones, and compatible hardware are non-negotiable prerequisites. However, Organizational Capability ($\beta = 0.285$) proved almost as vital. LGUs with dedicated executive leadership support, allocated digital budgets, and skilled technical staff were far more effective at scaling pilot projects into city-wide implementations.

The strong path from Cloud-IoT Integration Maturity to Data Infrastructure Capability (H4: $\beta = 0.827$) validates the Resource-Based View (RBV) premise that physical digital infrastructure must be leveraged to build higher-order dynamic administrative capabilities. Installing IoT sensors across public roads, water mains, and municipal facilities yields limited utility if the data remains trapped in functional silos. Centralized cloud middleware integrates these streams, enabling real-time diagnostic analytics, dynamic traffic management, and predictive disaster warnings.

Finally, the direct (H6: $\beta = 0.418$) and indirect (H5: $\beta = 0.486$; Indirect = 0.402) effects on Smart City Development Outcomes underscore that digital investment generates measurable urban dividends. Cities with high Cloud-IoT maturity and robust data capabilities demonstrate marked improvements in operational efficiency. Exemplars such as Cauayan City illustrate this empirical path: deploying eBOSS and the Cauayan City App alongside AI mobility solutions (SEERMO, C-Trikes) resulted in accelerated business permit processing, elevated revenue capture, and improved public transit management. Similarly, Santiago City's deployment of the RISE-C center demonstrates how integrated GIS data mapping enhances local disaster risk response and municipal land-use planning.

Contextualization within National and Global Literature

These findings contextualize the recent trajectory of Philippine cities within global and regional smart city indexes. While national survey figures indicate that over 70% of urban LGUs are preparing for smart city implementation, Manila's drop to 121st in the IMD Smart City Index 2024 reflects the operational bottlenecks identified in this study: specifically, lagging data interoperability and insufficient organizational training. The empirical results closely align with ASEAN Smart Cities Network (ASCN) studies, which emphasize that Southeast Asian metropolises must overcome fragmentation in digital infrastructure through structured multi-tier governance. The high explanatory power of the structural model (R-squared = 0.729) demonstrates that integrating Cloud-IoT systems with standardized data capabilities is a key determinant of whether an LGU achieves "Transformative" maturity in national recognition programs such as the DOST Philippine Smart and Sustainable Communities Awards.

Conclusion

This study systematically evaluated the impact of Cloud Computing and Internet of Things (IoT) integration on smart city development within the Philippines through an integrated theoretical framework and structural equation modeling. The empirical analysis confirms that Technological Readiness, Organizational Capability, and Environmental Pressure are essential antecedents driving Cloud-IoT Integration Maturity. In turn, Cloud-IoT integration significantly enhances smart city development outcomes both directly and indirectly through the mediating mechanism of Data Infrastructure Capability.

The core conclusion of this research is that hardware and software deployments alone do not constitute a smart city. Rather, technological integration yields optimal public value only when it is transformed into



organizational data-infrastructure capabilities—characterized by cross-departmental interoperability, centralized analytics, real-time decision support, and robust cybersecurity. Local government units that pair cloud-hosted platforms and IoT sensor arrays with proactive leadership, structured ICT budgeting, and standardized data governance achieve superior performance across administrative efficiency, public mobility, environmental sustainability, and economic competitiveness.

Strategic Recommendations

To operationalize these empirical findings, a multi-tiered strategic roadmap is presented for municipal leaders, national agencies, and urban planning practitioners:

For Local Government Units (LGUs) and Municipal Leadership

1. **Transition from Siloed Applications to Integrated Enterprise Cloud Architecture:** LGUs must move away from purchasing isolated, vendor-locked software applications for individual departments. Municipalities should invest in open, cloud-hosted unified data platforms (such as Lungsod Systems or SmartData Hub models) that integrate all municipal agency feeds into a centralized control environment.
2. **Prioritize Scalable IoT Sensor Deployment in High-Impact Domains:** Local leadership should focus initial IoT capital expenditures on high-return urban services, specifically automated Electronic Business One-Stop Shops (eBOSS), dynamic smart traffic signaling, electric vehicle transit monitoring, and real-time environmental/flood risk sensing arrays.
3. **Institutionalize Dedicated Smart City Management Units:** LGUs should establish permanent, non-political Smart City and Data Governance Offices staffed by professional GIS specialists, data engineers, and cybersecurity officers to ensure project continuity across political administration changes.

For National Government Agencies (DICT, DOST, DILG)

1. **Accelerate Adoption of National Data Interoperability Standards:** National oversight bodies should mandate compliance with international standards such as ISO 37106:2021 and PNS ISO 37122:2020 across all municipal digital projects, ensuring seamless API integration between local LGU platforms and national databases.
2. **Expand Technical Capacity Building and Ladderized Training:** Scale capacity-building programs through regional academic hubs (such as Isabela State University and regional DOST centers) to train LGU personnel in cloud management, IoT maintenance, data analytics, and cyber-threat response.
3. **Establish Shared National Government Cloud Infrastructure:** DICT should expand dedicated public-sector cloud hosting solutions (e.g., GovCloud) tailored for lower-income 3rd to 5th class LGUs, lowering the financial and technical barrier to advanced cloud-IoT adoption.

Practical Implications for Urban Managers

For urban managers, city engineers, and chief information officers, this study offers concrete, practical operational directives:

- **Resource Allocation Prioritization:** Empirical effect sizes (f-squared) indicate that investing in foundational network readiness (f-squared = 0.168) and establishing secure data capabilities (f-squared = 0.341) yields higher performance returns than purchasing redundant standalone software tools. Urban managers should direct capital budgets toward secure cloud hosting and reliable sensor infrastructure before expanding front-end digital interfaces.

- **Streamlining Administrative Workflows:** Integrating eBOSS platforms with digital payment systems (e.g., Cauayan City App) and automated locator systems (DBL) reduces physical queues, eliminates red tape, and increases local business permit registration efficiency.
- **Data-Driven Urban Mobility and Public Safety:** Integrating IoT-enabled dynamic video feeds with mobile AI traffic planning platforms (SEERMO) provides city engineers with actionable, real-time spatial data. This enables predictive dynamic signal timing and optimizes public EV transit routes (C-Trikes) without requiring capital-intensive road expansion.

Policy Implications for National Governance

The empirical findings carry substantial implications for national policy formulation and legislative reform in the Philippines:

1. **Legislative Enactment of Smart City Statutes:** National lawmakers should prioritize the passage of Senate Bill No. 298 (the Smart Philippines Act) and House Bill Nos. 71, 842, and 2029 (the Sustainable Cities and Communities Act). Legislative codification will establish stable, long-term national funding frameworks and require LGUs to incorporate smart city master plans into their Comprehensive Land Use Plans (CLUP).
2. **Expansion of the Philippine Smart and Sustainable Communities Awards:** DOST should continue expanding the SSC Award maturity framework (Levels 1 through 4: Emerging, Expanding, Sustained, Transformative). Standardizing these assessment levels provides LGUs with a clear national benchmark for diagnostic self-assessment and strategic planning.
3. **Mandatory Data Privacy and Cybersecurity Compliance:** As cities deploy denser IoT networks and centralize citizen data in the cloud, national policies must enforce strict compliance with the Data Privacy Act of 2012 (RA 10173) and national cybersecurity guidelines, mitigating risks associated with unauthorized data exposure and cyberattacks on public infrastructure.

Limitations of the Study

While this study offers robust empirical and theoretical insights, several limitations should be acknowledged:

1. **Cross-Sectional Field Data:** The empirical data were collected at a single point in time. Although PLS-SEM bootstrapping confirms strong structural linkages, longitudinal designs are needed to track how Cloud-IoT integration maturity evolves over multi-year municipal planning cycles.
2. **Focus on Informant Perspectives:** The sampling strategy relied on key institutional informants (LGU IT heads, city planners, engineers). While these respondents possess authoritative technical and administrative knowledge, future research should incorporate large-scale citizen-side survey metrics to evaluate direct public end-user satisfaction.
3. **Geographic Specificity:** Data collection was bounded within the Philippines. While representative of emerging Southeast Asian economies, contextual differences in municipal financing, telecom regulation, and governance culture may influence technology adoption dynamics in other developing regions.

Future Research Directions

To build upon the contributions of this research, future scholarly inquiries should explore the following avenues:

1. **Longitudinal Impact Tracking:** Conduct multi-year panel studies tracking LGUs from baseline smart city award nomination through sustained implementation, measuring long-term return on investment (ROI) and urban livability indicators over time.



2. **Integration of Advanced AI and Digital Twin Models:** Investigate the operational impact of coupling Cloud-IoT pipelines with generative Artificial Intelligence, predictive machine learning, and urban Digital Twins (e.g., Smart METRO, KLIMA) for real-time climate simulation and automated disaster management.
3. **Citizen-Centric Adoption and Digital Inclusion:** Perform multi-group PLS-SEM analyses comparing administrative deployment metrics with citizen digital literacy, public trust, and socio-economic equity to ensure smart city initiatives reduce rather than widen the digital divide.



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