

## **Cloud Computing Adoption and Firm Performance: The Mediating Role of Organizational Mindfulness**

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### **Abstract**

Cloud computing as an emerging IT innovation has attracted a growing number of studies in recent years. Key amongst these studies is the adoption of cloud computing. Most studies investigating cloud computing adoption have proceeded along the contours of cloud computing adoption and its effect on firm performance. While extant studies indicate a positive effect of cloud computing adoption on firm performance, the mechanism through which the effect is accomplished is still a black box. This study aims at investigating the mediating role of organizational mindfulness (OM) in the relationship between cloud computing adoption and firm performance. The relationship between cloud computing, firm performance and OM was conceptualized through a priori research model consisting of both measurement and structural components. The research model was tested using Structural Equation Modelling (PLS SEM). The model constructs; Cloud computing adoption, OM and firm performance were measured through reflective indicators. A firm level cross sectional survey was conducted on a sample of 93 firms in the financial, manufacturing and the ICT sectors to validate the model. The results confirm that there is a significant positive relationship between cloud computing adoption and firm performance. There is also a significant positive relationship between cloud computing adoption and OM. Additionally, the study indicates that there is a significant positive relationship between OM and firm performance. A major implication of this study is that organizations that manifest mindfulness are positioned to manage cloud computing effectively and thus improved firm performance. Likewise, by adopting cloud computing, an organization may be influenced towards mindfulness which in turn improves firm performance. The study also shows that the theory of OM plays a role in understanding IT innovations adoption.