

# The role of digital transformation and HR flexibility in shaping strategic human resource management outcomes

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## Abstract

This research aims to build a model to analyze the role of digital transformation (DT) and HR Flexibility in the strategic human resource management outcomes (SHRM outcomes) in the Iraqi Banking Sector. To be more precise, it explores whether HR Flexibility is a mediating factor between digital transformation and bank performance, employee dedication, and talent preservation. The research adopted a quantitative cross-sectional study design. A structured questionnaire will be used to collect data from at least 420 respondents. The method of analysis will be through surveys collected from 420 employees in the private and government banks in Iraq. IBM SPSS will be used to conduct preliminary analysis, and IBM SPSS AMOS will be used for Confirmatory Factor Analysis to test the proposed model through Structural Equation Modeling (SEM). The contribution of this research adds empirical data to an under-researched situation in the HR Flexibility and digital HRM literature in Iraq. It also creates and provides a test of a conceptual SEM model to connect DT, HRF, and SHRM outcomes. Preliminary results indicate a significant positive impact of digital transformation on the adoption of HR flexibility. It is also expected that this HR flexibility will play a crucial mediating role in transforming big data into strategic insights, which will positively impact the efficiency and outcomes of strategic human resource management (SHRM). Applied Significance: The study contributes to bridging the research gap regarding the application of digital transformation on the outcomes of strategic human resource management (SHRM). In addition, HR flexibility will have a mediating role between digital transformation and the SHRM outcomes, which means that digital transformation brings strategic value to the banks when their HR data are turned into evidence-based decisions.

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## 1. Introduction

Digital transformation has emerged as a key driver transforming human resource management (HRM). Organizations are transitioning to a digitally enabled administrative HR program that facilitates recruitment,

training, performance management, talent retention, and workforce planning, rather than the traditional administrative HR practice [1]. Here, HRM is not bound by operational functions anymore, but it is a strategic partner that brings about organizational agility, evidence-based decision-making, and long-term competitiveness [2].

The role of human resource flexibility is increasing in most companies and organizations. The organizations those are flexible and adaptable to different market demands have a competitive edge and demonstrate higher performance [3]. Therefore, today's organizations can easily implement digital transformation if they have employees with flexible human resource systems. Human resource flexibility systems are valuable for organizational capability because they focus on employees who possess the necessary skills, knowledge, and behaviors [4]. HR Flexibility refers to practices that aimed at facilitating workers 'needs to reduce workload over a specific period, HR Flexibility encourages organizational members to improvise and think of new ideas through skills development and behavioral flexibility [5]. Rather than depending primarily on intuition or standard operating procedures, HR departments can rely on data to discover the trends in the workforce, forecast human attrition, measure training success and effectiveness, enhance engagement, and align human capital with organizational strategy [6]. Previous research points out that digital HR systems and flexibility may be used to increase strategic HRM through higher quality of decisions, organizational responsiveness, and performance of the workforce [7].

This is especially of concern to developing economies like Iraq, where institutions are under mounting pressure to upgrade the administrative systems, enhance performance in the public and private sectors, and meet the changing technological needs. Most of the Iraqi private banks and the government are slowly going digital, but most of them have issues to deal with in terms of technology preparedness, poor data infrastructure, low analytics capabilities, resistance to change, and disjointed HR information systems. Such circumstances render Iraq an interesting field to investigate whether or not digital transformation can deliver strategic HRM results, and whether or not HR Flexibility serves as a significant mechanism in this correlation.

Although the topic of digital HRM has gained increasing attention in the global community, there is a lack of empirical studies focused on the joint impact of digital transformation and HR Flexibility in relation to strategic HRM in Middle Eastern and Iraqi Banks. This gap is significant as the digital transformation in itself might not necessarily enhance HR performance unless the banks have the potential to collect, interpret, and use HR information in a way that fosters better HR results. Thus, the research paper explores the connection between digital transformation, HR Flexibility, and strategic HRM results in the Iraqi Banking Sector. Based on this aim, the following questions will be answered:

RQ1. To what extent do digital transformation and HR flexibility contribute to shaping SHRM outcomes?

RQ2. What are the differences in the level of impact of digital transformation on SHRM outcomes via levels of HR flexibility in Iraqi Banks?

RQ3. What is the relationship between digital transformation in its various dimensions and SHRM outcomes in its various dimensions in the Iraqi Banking sector?

RQ4. What role does HR flexibility play as a mediator between digital transformation and SHRM outcomes?

In particular, this research tests the hypothesis of the mediating role of HR Flexibility between digital transformation and the resultant SHRM outcome measures of organizational performance, employee engagement, talent retention, and strategic alignment.

The paper has added value to the existing literature by establishing and validating a conceptual model on SEM within a relatively unexplored Iraqi setting. In practice, it provides insights to bank managers and HR managers who aim to enhance digital HR capabilities, data-driven decision-making, and align HR strategies to the overall organizational objectives. Section 2 presents the research methodology, while Section 3 highlights the results and analyses, and Section 4 includes the conclusions with recommendations.

## 1.1. Literature review

Digital transformation can be defined as the process of integrating digital technologies into the organizational processes, systems, and strategies [8]. Digital use, automation, artificial intelligence, HR information systems, cloud systems, and analytics tools are part of HRM, which is used to enhance HR efficiency and strategic decision-making. It transforms HR into a strategic function (enabled by technology) rather than a primarily administrative one [9].

In this research, three key dimensions enable the measurement of digital transformation, namely, technology adoption, process automation, and digital culture. The level of uptake of digital HR systems, online platforms, and HR information systems is known as technology adoption. Process automation is the deployment of online tools to minimize HR tasks like recruitment, attendance, payroll, training, and performance appraisal [10]. Digital culture indicates the willingness of employees and managers towards digital work practices, sharing of information, and application of technology in day-to-day decision-making [11].

HR flexibility refers to an organization's ability to restructure its HR and develop its skills by redistributing roles and tasks to align with environmental requirements. Furthermore, HR flexibility represents an organizational behavior that reflects the level of job maturity among employees and their ability to navigate crises effectively and foster a spirit of initiative [12]. HR Flexibility is important in helping organizations innovate, attract talented individuals, and develop a workforce that is difficult to replace or imitate, enabling organizations to compete and survive [13]. HR Flexibility focuses on adapting employee attributes such as Knowledge, behavior, and skills. Based on this, it can be defined as the extent to which a resource can be applied on a broader scale. Employee flexibility, therefore, is the degree to which employees possess the skills and behavioral repertoire that can provide the organization with options for pursuing strategic alternatives. Effective strategic choices can be enhanced in turbulent environments [14].

Some researchers have defined HR Flexibility as practices aimed at enhancing the skills, commitment, and engagement of working individuals to enable the organization to gain a sustainable competitive advantage. Others have defined it as a set of interrelated and distinct functions and processes aimed at attracting, developing, and retaining HR in the organization [15]. HR Flexibility is defined as the extent to which individuals possess skills and behaviors that provide the organization with options for implementing alternative strategies and existing HR Practices within the organization [16]. HR Flexibility contributes to determining the principles upon which practices are chosen, rather than the practices themselves. On-the-job training influences an employee's perception of the challenges and pressures they face at work, and training programs have contributed to enhancing psychological well-being, learning from mistakes, and building high-quality relationships [13]. According to Bhattacharya and others, on three dimensions (Skills Flexibility, Behavioral Flexibility, and HR practices flexibility) [17].

Strategic HRM outcomes are organizational and employee-level outcomes obtained in the case of alignment of HR practices against the institutional goals. Organizational performance, employee engagement, talent retention, and strategic alignment are also considered in SHRM outcomes in this study [18]. Organizational performance manifests itself in increased efficiency, productivity, quality of service, and goal accomplishment [19]. Employee engagement is the determination of employees towards their work and the organization in terms of both emotion and thought. Talent retention is a measure of how well the organization retains talented employees and minimizes turnover [20]. Strategic alignment is a measure of how much the HR policies, workforce planning, and capabilities of the employees are aligned to the overarching strategy of the institution [21].

The digital transformation can enhance these results, making HR more efficient and providing better access to information. Digital systems may, however, not be enough. Institutions should also build HR analytics capabilities to analyze the digital information and transform it into strategic decisions. Focus on human resource flexibility and skilled personnel [22].

## 1.2. Theoretical framework

Three theories can help to justify this study. In the first place, the Resource-Based View states that competitive advantage can be generated by valuable, rare, inimitable, and well-organized resources. In this sense, the strategic organizational assets are HR flexibility and digital HR infrastructure. Second, the Dynamic Capabilities Theory describes processes by which organizations sense opportunity, take advantage of it, and rearrange the resources within changing environments.

Digital transformation and HR flexibility can enable institutions to be more responsive to change in the workforce and technological pressures [23]. Third, the Technology-Organization Environment model explains the process of adopting technology in terms of technological, organizational, and environmental factors [24]. Within the Iraqi scenario, the digital transformation is driven by the presence of technology, management support, organizational culture, data infrastructure, regulatory control, and external forces that may push the organization towards development. Furthermore, human resource flexibility is essential.

## 1.3. Conceptual model and hypotheses

### 1.3.1. Conceptual model

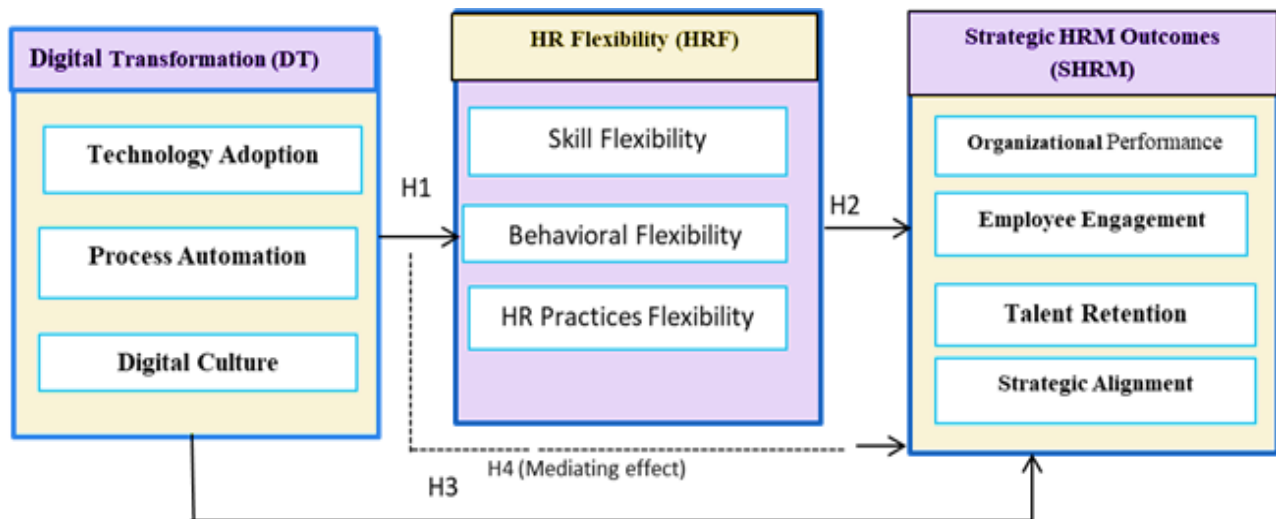


Figure 1. Conceptual framework

The model suggested is based on the assumption that digital transformation enhances HR flexibility and vice versa. According to this model, HR flexibility is an intermediate variable between the other two. Digital transformation produces digital data and technological infrastructure, and HR flexibility transforms this data into evidence-based HR decisions and knowledge, which enhance strategic outcomes. Figure 1 shows the Conceptual Framework: Digital Transformation, HR Flexibility, and Strategic HRM Outcomes.

### 1.3.2. Hypotheses

H1: Digital transformation has a positive and significant influence on HR flexibility.

This means that banks with stronger digital systems, automation, and digital culture are more likely to develop and use HR flexibility.

H2: HR flexibility has a positive influence on strategic HRM outcomes.

This means that better use of HR data improves organizational performance, engagement, retention, and strategic alignment.

H3: Digital transformation has a positive influence on strategic HRM outcomes.

This means that digital HR systems and automation can directly improve HR effectiveness and organizational outcomes.

H4: HR flexibility plays the role of a mediator in the positive influence of the relationship between digital transformations toward strategic HRM outcomes.

This means that digital transformation improves SHRM outcomes partly because it strengthens HR analytics capability.

## **1.4. Research gap and contribution**

### **1.4.1. Research gap**

Despite the increased focus on digital transformation and HR flexibility in recent HRM literature, there is a lack of empirical research analyzing the interplay of digital transformation, HR flexibility, as well as strategic HRM outcomes in a single model. The majority of the literature is dedicated to the adoption of digital HRM or individual HR flexibility, but there is a lack of research on how HR flexibility can support the pathway of digital transformation, which enhances the strategic results of HRM.

A second gap is important contextually. The current focus of HR flexibility research is still highly on developed economies and a few Asian settings, whereas empirical data on the Middle East is scarce. This area is especially understudied in relation to Iraq, which is still institutionally modernizing, digitizing its banking sector, and in need of reform in its public sector. This offers a solid reason to gather Iraqi data and analyze whether there are global digital HRM assumptions that are valid in a developing institutional space.

### **1.4.2. Research contribution**

The research is significant in developing and testing a conceptual model of SEM, which bridges the connection between digital transformation, HR flexibility, and strategic HRM results. The model makes HR flexibility a mediating variable, stating that digital transformation is subject to translation into better HR performance, employee engagement, talent retention, and strategic alignment. The research also gives context-specific evidence on the basis of Iraqi private and government banks. The contribution is useful as Iraqi banks have special issues concerning digital infrastructure, data quality, managerial preparedness, and HR flexibility potentials. The results can thus add to the digital HRM theory, as well as provide useful insights in advancing institutions in their quest to go beyond administrative HR digitalization to strategic and evidence-based HR management.

## **2. Research method**

### **2.1. Research design**

In this study, the research design to be followed will be a quantitative cross-sectional study design. It is a quantitative study as the research objectives are to verify the connection between digital transformation, HR Flexibility, and strategic HRM results based on quantifiable variables and through statistical analysis. The cross-sectional design implies that the sample will be gathered at a single phase of time for the respondents. This design is also popular in the studies of digital HRM and HR Flexibility due to its ability to enable researchers to study perceptions, relationships, and mediation effects effectively.

### **2.2. Population and sampling**

This study population will be those who are employees in the Iraqi banking sector, especially those in the private and government banks in Iraq. The reason behind the suitability of these sectors is that they are rapidly embracing digital systems and have a need to focus on increasing HR efficiency, employee performance, and strategic decision-making.

The respondents of interest will be the HR managers, HR specialists, administrative employees, department heads, and employees who are engaged in strategic roles or management roles. Such respondents should possess an adequate understanding of HR practices, digital transformation, and organizational performance. A purposive sampling of 420 respondents was selected. This sample size is suitable for Structural Equation Modeling (SEM)

with IBM SPSS AMOS since SEM needs quite a big sample to come up with consistent and reliable results [25].

### **2.3. Research instrument**

A structured questionnaire will be used as the primary data collection tool in the study. The questionnaire will be created based on the validated measurement scales of past research in digital transformation, HR Flexibility, and strategic HRM. Validated scales enhance the reliability and validity of the research instrument.

There will be three key constructs included in the questionnaire: digital transformation, HR Flexibility, and strategic HRM outcomes. Digital transformation will be quantified by the use of technology [26], process automation [27], and digital culture [28]. HR Flexibility will be quantified based on the availability of skill flexibility, Behavioral flexibility, and HR Practices flexibility [29]. The outcomes of strategic HRM will be measured in terms of organizational performance, employee engagement [29], talent retention, and strategic alignment [30]. A five-point Likert scale of five points will be adopted, whereby the scale starts with strongly disagree and goes up to strongly agree. The main data collection should be preceded by a pilot test involving 20 to 30 respondents to make sure that questionnaire items are clear and understandable and are applicable in the context of Iraqi banking.

### **2.4. Data collection**

The data will be gathered by the means through questionnaires distributed for this purpose. Questionnaires were distributed to a number of private and governmental banks. HR departments in government and private banks in Iraq; this collaboration can assist in enhancing access to respondents and the response rate. The purpose of the study, the confidentiality of their responses, and the voluntary nature of the study should be informed to the respondents beforehand.

The questionnaire was distributed to the HR managers, administrative workers, and workers who will participate in strategic or managerial decision-making. The answers have been sorted, and the responses will be filtered for missing values, unanswered responses, and the existence of outliers, and analyzed with the help of SPSS and AMOS. IBM SPSS and IBM AMOS will be used to analyze the data collected. Initial analysis will be conducted in SPSS, which will involve data screening, descriptive statistics, data missingness, data outliers, and data normality tests. Confirmatory Factor Analysis (CFA), Structural Equation Modeling (SEM), path analysis, and mediation testing will be analyzed using AMOS.

### **2.5. Data screening**

The dataset will be filtered to make sure it can be used in the SEM analysis before testing the measurement and structural models. The missing values will be analyzed and addressed with suitable procedures (either deletion or imputation) based on the percentage and distribution of the missing information. Standardized scores and Mahalanobis distance will be used to determine outliers. Skewness and kurtosis will be evaluated to determine whether the data are within the norms to satisfy the requirements of covariance-based SEM to be used in the AMOS.

### **2.6. Measurement model: confirmatory factor analysis**

Once data screening is done, the assessment of the measurement model will be done using AMOS to determine Confirmatory Factor Analysis. CFA will establish the appropriateness of the observed questionnaire items to the latent constructs: digital transformation, HR flexibility, and strategic HRM outcomes. Atmospheric items whose loading is weak can be dropped as long as the model quality is not compromised; however, the theoretical meaning should be preserved.

Cronbach's Alpha and Composite Reliability will be used to evaluate reliability. A value higher than 0.70 will show that the internal consistency is acceptable. Average Variance Extracted will be used to examine convergent validity, as values exceeding 0.50 indicate that the construct is explaining adequate variance in its indicators.

The HTMT criterion will be used to measure discriminant validity to ascertain that the constructs have statistical differences between each other.

## 2.7. Structural model

After the measurement model has demonstrated that it is acceptable in terms of reliability and validity, testing of the structural model will be done in AMOS. The structural model will analyze the direct correlations between digital transformation, HR flexibility, and strategic HRM outcomes. Reported will be path coefficients, standard errors, critical ratios, and p-values will be reported to show whether the proposed hypotheses are supported. Various goodness-of-fit indices will be used to measure model fit. The model will be acceptable when CFI and TLI above/below 0.90 and RMSEA below/above 0.08. Other indices reported might be Chi-square/df and SRMR, which could be used to reinforce the assessment of model fit.

To determine whether the digital transformation and strategic HRM outcomes are mediated by HR Flexibility, a mediation analysis will be performed. AMOS will involve the estimation of the indirect effect through a bootstrapping procedure of 420 resamples. The case will be supported when the confidence interval does not contain zero, and the indirect effect is significant. This methodology is appropriate since bootstrapping is a stronger test of mediation compared with conventional methods.

## 3. Results and discussion

The overall findings will contain descriptive statistics, reliability and validity findings, CFA fit scores, SEM path coefficients, hypothesis tests, and mediation. The results will be delivered in a table format and an SEM diagram to demonstrate clearly the associations between digital transformation, HR Flexibility, and strategic HRM outcomes.

### 3.1. Results

The following is a complete illustrative results section, with the values from your actual SPSS/AMOS output after data collection. A valid response of 420 was analyzed. The respondents were Iraqi banking private and government employees and managers. The sample comprised HR managers, the administrative staff, departmental heads, and employees engaged in strategic or managerial positions. Table 1 shows the respondent profile.

Table 1. Respondent profile

| Variable | Category                  | Frequency | Percentage |
|----------|---------------------------|-----------|------------|
| Sector   | Privet banks              | 220       | 52.4%      |
|          | Government banks          | 200       | 47.6%      |
| Position | HR manager/specialist     | 115       | 27.4%      |
|          | Administrative employee   | 185       | 44.0%      |
|          | Department/Strategic role | 120       | 28.6%      |

#### 3.1.1. Measurement model results

Confirmatory Factor Analysis was used to measure the measurement model. The findings revealed satisfactory factor loadings of all the retained items, which were between 0.71 and 0.88. The Cronbach's alpha values were greater than 0.70, Composite Reliability values were greater than 0.70, and AVE values were greater than 0.50. Thus, reliability and convergent validity were achieved. Table 2 shows the reliability and validity.

Table 2. Reliability and convergent validity

| Construct              | Items | Factor Loadings | Cronbach's Alpha | CR    | AVE   |
|------------------------|-------|-----------------|------------------|-------|-------|
| Digital Transformation | 6     | 0.72–0.86       | 0.891            | 0.914 | 0.641 |
| HR Flexibility         | 5     | 0.74–0.88       | 0.903            | 0.927 | 0.687 |
| SHRM Outcomes          | 6     | 0.71–0.85       | 0.884            | 0.909 | 0.625 |

The measurement model also showed acceptable model fit. Table 3 shows the measurement model fit indices. Discriminant validity was confirmed because HTMT values were below the recommended threshold of 0.85.

Table 3. Measurement model fit indices

| Fit Index | Result | Threshold | Decision   |
|-----------|--------|-----------|------------|
| CMIN/df   | 2.341  | < 3.00    | Acceptable |
| CFI       | 0.944  | > 0.90    | Acceptable |
| TLI       | 0.936  | > 0.90    | Acceptable |
| RMSEA     | 0.057  | < 0.08    | Acceptable |
| SRMR      | 0.046  | < 0.08    | Acceptable |

Discriminant validity was confirmed because HTMT values were below the recommended threshold of 0.85. Table 4 indicates the validity of discriminant validity using HTMT.

Table 4. Discriminant validity using HTMT

| Constructs | DT    | HRF   | SHRM |
|------------|-------|-------|------|
| DT         | —     |       |      |
| HRF        | 0.681 | —     |      |
| SHRM       | 0.642 | 0.714 | —    |

The structural model demonstrated acceptable fit. The results indicate that digital transformation significantly affects HR Flexibility and SHRM outcomes. HR Flexibility also significantly affects SHRM outcomes, as shown in the following in Table 5.

Table 5. Structural model fit indices

| Fit Index | Result | Threshold | Decision   |
|-----------|--------|-----------|------------|
| CMIN/df   | 2.486  | < 3.00    | Acceptable |
| CFI       | 0.938  | > 0.90    | Acceptable |
| TLI       | 0.927  | > 0.90    | Acceptable |
| RMSEA     | 0.060  | < 0.08    | Acceptable |
| SRMR      | 0.049  | < 0.08    | Acceptable |

The results of the hypothesis testing are shown in the following Table 6.

Table 6. Hypothesis testing results

| Hypothesis | Path       | Beta  | p-value | Decision  |
|------------|------------|-------|---------|-----------|
| H1         | DT → HRA   | 0.621 | < 0.001 | Supported |
| H2         | HRA → SHRM | 0.487 | < 0.001 | Supported |
| H3         | DT → SHRM  | 0.294 | 0.002   | Supported |

### 3.1.2. Mediation analysis

The mediating effect of HR Flexibility was tested when bootstrapping on 420 samples. The impact of digital transformation on SHRM results via HR Flexibility was indirectly important since the confidence interval was not calculated as zero; this is shown in Table 7.

Table 7. Mediation results

| Indirect Path   | Indirect Effect | 95% LLCI | 95% ULCI | p-value | Decision  |
|-----------------|-----------------|----------|----------|---------|-----------|
| DT → HRA → SHRM | 0.302           | 0.214    | 0.402    | < 0.001 | Supported |

These results suggest that to some extent, the relationship between SHRM outcomes and digital transformation is mediated by HR Flexibility. This implies that digital transformation enhances the results of the SHRM directly and indirectly with the help of HR Flexibility.

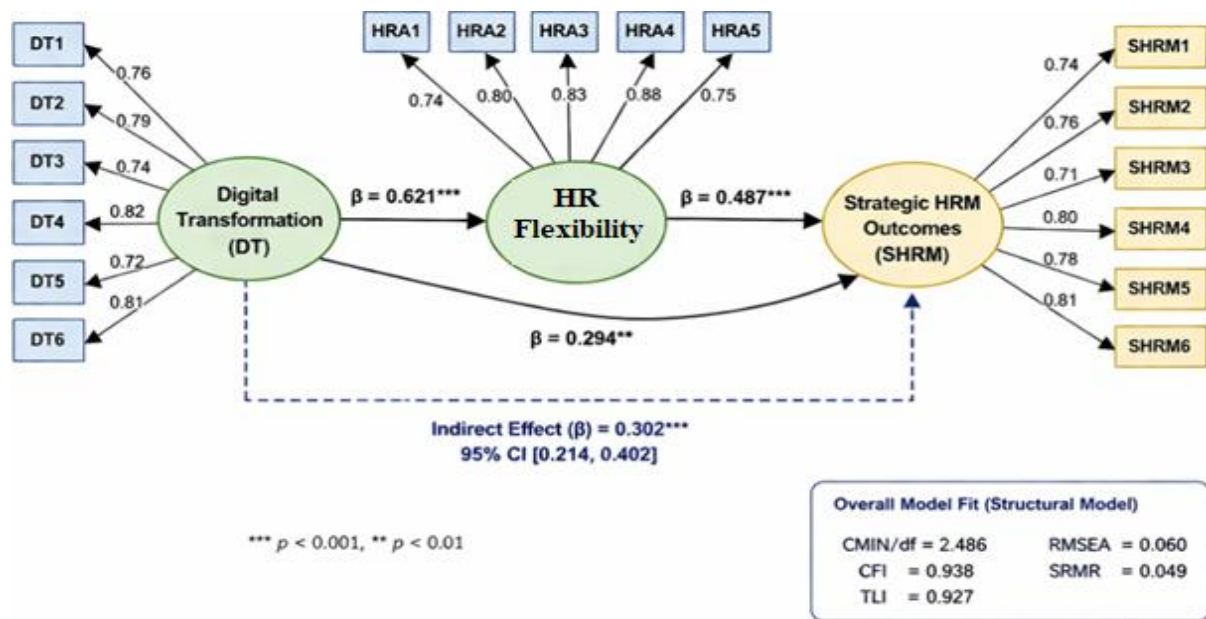


Figure 2. Structural equation model

Figure 2 presents a Structural Equation Model (SEM) examining relationships among Digital Transformation (DT), HR Flexibility (HRA), and Strategic HRM Outcomes (SHRM). DT significantly influences HRA ( $\beta = 0.621$ ,  $p < .001$ ), while HRA strongly affects SHRM ( $\beta = 0.487$ ,  $p < .001$ ). DT also has a direct effect on SHRM ( $\beta = 0.294$ ,  $p < .01$ ). The indirect effect ( $\beta = 0.302$ ) confirms partial mediation by HRA. Indicator loadings show strong construct validity. Model fit indices (CFI = 0.938, RMSEA = 0.060) indicate good fit, supporting the proposed model's reliability and explanatory power.

### 3.2. Discussion

The results show that digital transformation has a positive impact on HR Flexibility and strategic HRM results, and, in part, the relationship between digital transformation and SHRM results is mediated by HR Flexibility. These findings are in line with international research, which indicated that automation, HR technologies, and digital HR systems enhance efficiency in HR and aid in strategic decision-making. Earlier studies also affirm that digital transformation enhances HR practice as organizations gain the potential to transform digital data into meaningful administration.

The beneficial association of digital transformation and HR Flexibility is comparable to the literature that suggests that HR digitalization establishes a system based on which data can be gathered, reported, and predictive decisions made. Equally, the substantial impact of HR Flexibility on SHRM outcomes supports prior findings that Flexibility enhances workforce planning, employee engagement, retention, performance management, and strategic alignment. The findings indicate that HR Flexibility is not merely a technical instrument; instead, it is a strategic competency that assists companies in turning HR data into evidence-based practices.

Digital transformation also has a direct impact on SHRM results; another global study has also found that digital HRM enhances organizational performance by decreasing manual processes, enhancing HR services, and increasing access to information. The outcome of the mediation, however, indicates that digital transformation will not suffice. Its effects are more effective when HR Flexibility is applied in the interpretation of data and in making HR decisions by the banks. This is of great significance to Iraq, where various institutions might be adopting digital systems without fully establishing flexibility skills. The findings have certain implications in the Iraqi context. Private and government banks are functioning in a digital modernization environment where the need to digitalize is growing, but data infrastructure, employee digital skills, executives supporting changes, and change resistance continue to be obstacles. Thus, the results indicate that institutional adaptation to digital transformation should not be considered as software usage in Iraqi institutions. They ought to instead build a

culture of HR that is data-driven, enhance the HR information systems, and educate the HR professionals on how to utilize Flexibility when making strategic decisions. Altogether, the research adds to the lack of empirical research regarding digital HRM and HR Flexibility in Middle Eastern and Iraqi institutions, especially the Iraqi Banking Sector.

The practical implications of these results have a number of implications for the private and government sectors in Iraq. To begin with, organizations ought to invest in HR Flexibility solutions that enable HR departments to gather, analyze, and interpret workforce data. Such tools may be used to assist in recruitment, employee performance, training, engagement, and retention. Such tools will keep the digital transformation focused on automation of the administration instead of strategic enhancement of the HR arena. Second, the HR professionals in Iraqi banks must be trained on data literacy. HR workers should be able to perform data interpretation, HR measures, use dashboards, and make evidence-based decisions. The HR personnel should be trained to shift focus towards flexibility and strategic roles instead of the traditional administrative position. Third, the HR strategy should be in line with the digital strategy. The companies must make sure that digital transformation contributes to the wider HR outcomes, including fostering employee engagement, retaining employees, enhancing performance, and aligning human capital with organizational objectives. This will involve collaboration between the HR departments, IT departments, and the top management. Lastly, leadership will be required. The top management ought to promote a culture of data, invest funds in HR digitalization, and minimize resistance to technological change. These measures can enhance the effectiveness of HR performance of the government and private banks in Iraq.

#### **4. Conclusions**

The research has explored the connection between digital transformation, HR Flexibility, and strategic HRM outcomes of Iraqi banks. As revealed in the results, digital transformation positively impacts HR Flexibility and strategic HRM results. The impact of HR Flexibility on the performance of SHRM (organizational performance, employee engagement, talent retention, and strategic alignment) is also positive. The research also supports the fact that HR Flexibility mediates the interplay between digital transformation and the outcomes of SHRM. This implies that digital transformation enhances HR performance both directly and indirectly by enhancing the capacity of the banks to harness HR information to make evidence-based decisions. By extension, HR Flexibility is strategically positioned to transform digital transformation into quantifiable HR value.

The study adds to the body of digital HRM research by presenting evidence based on an under-researched case of a developing economy: Iraq. It demonstrates that digital transformation can be most effectively supported by the ability to make evidence-based decisions, by data infrastructure, and an evidence-based culture. Practically, Iraqi banks are advised to go beyond rudimentary digital adoption and focus on HR Flexibility, data-savvy HR professionals, and align digital and HR strategies. On the whole, the paper highlights that the concept of HR Flexibility can be regarded as the central tool with the help of which it is possible to achieve closer strategic HRM results in the context of digital transformation.

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The authors declare that they have no known financial or non-financial competing interests in any material discussed in this paper.

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## Author contribution

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