

# THE MEDIATING ROLE OF ORGANIZATIONAL TRUST IN THE RELATIONSHIP BETWEEN DIGITAL HUMAN RESOURCE MANAGEMENT AND STRATEGIC HUMAN CAPITAL

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## Abstract

Digital human resource management is the transformational move in attracting, developing, and retaining talent with the help of technology-powered systems in the organization. Although such practices are likely to improve strategic human capital, they would be effective as far as employees are perceptive of the organizational environment. This study will analyze the mediating aspect of organizational trust on the relationship between digital human resource management and strategic human capital. The systematic analysis of modern literature was taken in order to explain the impact of digital HRM practices on trust building and, hence, the process of strategic human capital formation. With the analysis, it is shown that digital HRM increases transparency, fairness, and consistency in HR practices, which improve the confidence of employees towards the organization. High organizational trust, respectively, facilitates better knowledge growth, increased participation, and alignment with the strategic objectives leading to better strategic human capital achievements. The results indicate that virtual HRM is not adequate on its own in creating strategic human capital, unless it is complemented with trust-building systems in the organizational environment. The suggested framework highlights the relevance of incorporating digital-based HRM practices with trust-building procedures to make the most out of them.

**Keywords:** Digital HR Practices, Employee Perceptions, Digital Training, Organizational Trust, Strategic Human Capital.

## 1. INTRODUCTION

Within the last 20 years, organizations have experienced a fast change of moving towards the digitalization of managing human resources as companies strive to modernize their internal systems, improve employee proficiencies and seek to counter the mounting competitive challenges. DHRM has thus become a revolutionary practice, which combines the use of digital tools, data analytics, and automation in HR operations. These e-systems should be able to facilitate recruitment arrangements, performance appraisal, training, and development of talents thus enhancing the skill of the organization in developing and sustaining strategic human capital. Although these digital technologies may be beneficial to the organization, its performance will largely depend on the reception and acceptance of the employees. Employees have been the core in the operations of any organization and their readiness to embrace digital HR practices have a huge impact

on whether such systems can determine significant strategic gains. Strategic human capital is that knowledge, skills and capabilities that can directly help in the realization of long-term organizational objectives.

It is agreeable that all organizations that have high strategic human capital are more flexible, creative and strong in unstable settings. Nevertheless, the growth of such capital needs not only successful HR practices but also organizational factors that enable the employees to interact with the digital tools without fear.

Smooth implementation of DHRM requires the employees to have a sense of fairness, transparency and reliability in the organization. In case such perceptions are undermined, then the strategic value of human capital will be curtailed despite the sophistication of digital HR systems. It has thus been revealed that organizational trust is a core factor in the specification of the effects that DHRM has on strategic human capital.

Trust also influences the perception of the employees toward digital systems and its effect on the general organizational setting and influences their desire to learn, cooperate, and invest in long-term capability building. When the organizational trust is great, the employees will consider digital HRM practices as supportive and not as controlling, and be convinced that the organization cares about their growth and well-being.

Conversely, the low trust environment can result in employees being unwilling to embrace digital HR initiatives or lose engagement with developmental opportunities, undermining the creation of strategic human capital. Past studies have made some significant points concerning the importance of trust in employee behavior development, knowledge sharing and commitment to organizational goals.

These dynamics imply that trust can be used as an intermediary process in which the impact of DHRM can be conveyed to strategic human capital. Despite the growing use of digital HRM, there is still the problem of making sure that digital systems deliver the desired strategic results to organizations. These obstacles are usually associated with the lack of communication, the lack of training, and the fear of surveillance, data confidentiality, and fairness among the employees.

These problems can hinder the credibility of digital HR endeavors and halt the influence of strategy. It is still necessary to understand the nature of the interaction between trust and the digital processes of HR to develop efficient systems that can support the development of the human capital in a sustainable manner.

This study is thus aimed at developing a theoretical basis that offers a mediating variable on the relationship between digital human resource management and strategic human capital. This research will attempt to explain how digital HRM practices can be used to impact employee perceptions and consequently their strategic contributions by relying on the present research. The research also seeks to identify gaps in the literature in terms of conceptual understanding and offer future research and application in organizations. The rest of the paper provides a detailed literature review, theoretical framework and

recommendations to scholars and practitioners interested in the digital transformation and human resource development.

## **2. LITERATURE REVIEW**

### **2.1 Digital HR Practices**

Digital HR practices are the adoption of technology-based tools in the business of the human resource to provide efficiency, accuracy, alignment with strategic goals. These are digital recruitment systems, electronic performance management, HR analytics and automated administrative functions. The studies carried out in the past determine that digital HR practices enable access to the real-time data, enhance decision-making, and promote the talent development programs that enhance the competitiveness of the organization [1]. HR digitalization has also altered the experience that employees have by making processes clear and open to all, thus narrowing the workload of administrative duties and enabling HR units to concentrate on this processes that create long-term value. It is shown that organisations that invest in new HR technologies are in better positions to build strategic human capital as the digital systems enhance agility and raise the capacity of the organisation to identify, train and retain high performing employees. Nevertheless, the effectiveness of digital HR practices is usually dependent upon the readiness of employees to use such systems and their vision of justice and trust.

### **2.2 Employee Perceptions**

The digital HR practices hinge on the employee perceptions to a greater extent. The perceived fairness, ease of use, transparency, and organizational support are the digital systems perceived by the employees. The social exchange viewpoint holds that positive perceptions lead to mutual attitudes such as increased engagement, readiness to learn and involvement in developmental efforts [2]. When the employees feel that digital HR tools are obtrusive or discriminatory, they will not recommend its use and, therefore, will reduce the strategic benefits of HR digitalization. Research indicates that the perception of procedural fairness in online performance assessments and clarity in communication improve the credibility of HR systems and support the trust of the employees in HR decision-making. Furthermore, when employees view digital HR practices as supportive, they have more chances to invest in their professional development, thus leading to the development of strategic human capital. As a result, employee perceptions act as a psychological filter via which digital HR initiatives mediate organizations level results.

### **2.3 Digital Training**

Digital training has become a staple of digital HRM that gives employees the perpetual learning experience via the e-learning platform, virtual simulation and AI-based instructional systems. Online education increases accessibility, flexibility, and tailoring so that employees can learn new advanced skills that can meet the strategic goals of the organization. The studies have shown that digital training leads to higher flexibility, high level of knowledge transfer, and ability development which are key elements of strategic human capital [3]. Moreover, online training increases the organizational trust as the

employees feel better about the organization interest in their development. The employees will pay more attention to digital HRM as meaningful and developmental when they understand that the organization is investing in their digital learning opportunities. Digital training is thus an effective mediating factor between the digital HR practices and the results of the organization in general through improving employee skills, motivation, and trust.

## **2.4 Organizational Trust**

Organizational trust is a belief of the employees that the organization behaves in terms of integrity, fairness, and competence. Trust is an important factor that relates to the way employees react to digital HR practices as it affects the way they receive digital technologies and whether they are ready to participate in strategic practices. Trust is a constant mediating factor that is cited in the literature to enhance the relationship between the HR practices and employee outcomes. When digital HR systems are deployed in a transparent and fair manner then organizational trust is boosted leading to a reduction in opposition and subsequent improvement of engagement [4]. Psychological safety is also created through trust, and it influences the employees to engage in online training and knowledge-sharing. Lack of trust reduces the chances of positive results of digital HR initiatives since employees can doubt the validity, impartiality, or motives of digital decisions. Thus, the organizational trust is a prerequisite of transforming the digital HR investments into strategic human capital improvements.

## **2.5 Strategic Human Capital**

Strategic human capital poses the knowledge, skills and capabilities which are accumulated by an organization which make it to be competitive in the long run. It encompasses personal skills, as well as organizational capacity to put talent into practical use. Studies have shown that digital human resource practices have a substantial impact on strategic human capital creation based on skills development, enhanced performance management, and analytics that enables talent development [5]. Nevertheless, such strategic results are conditional upon the existence of organizational trust that will help motivate the employees to engage in digital HR procedures to the maximum. Environment with high trust levels encourage the acquisition of knowledge, innovation and commitment which are key elements of strategic human capital. Consequently, organizational trust has been identified as the relational process by which digital HRM attains its strategic human capital goals. Digital HR systems could not be able to produce the high engagement levels necessary to achieve long-term capability development without trust.

## **3. HYPOTHESES DEVELOPMENT**

Online human resource management is now a crucial component of contemporary organizations as companies seek to enhance efficiency, enhance communication and employee development using technology. The implementation of a digital HRM has an impact on the way employees feel the process of being in the organization and how they perceive the growth opportunities. These impressions define how much they trust the

organization and how much they would like to make an investment in activities that are strategic to the organization. Strategic human capital relies on how well the employees are able to acquire superior skills, share knowledge and make their contributions to the long-term organizational goals. The hypothesis developed to respond to the questions about the relationships between the variables of the study are the following;

### **3.1 Digital Human Resource Management and Organizational Trust**

Digital HRM makes human resource practices more transparent, consistent, and accurate. As employees will be able to notice that HR decisions are being made based on transparent and trustworthy online procedures, they will be more likely to have more trust in the organization. Trust also comes in place when the employees are convinced that the organization utilizes technology in a responsible and equitable way. This is why, digital HRM is likely to contribute to the increased rates of organizational trust.

**H1: Digital human resource management has a positive and significant effect on organizational trust.**

### **3.2 Digital Human Resource Management and Strategic Human Capital**

Digital HRM provides employees with tools that facilitate skill development, performance improvement, and alignment between individual capabilities and organizational goals.

Through enhanced communication and efficient HR processes, employees gain better access to learning opportunities and career support. These conditions contribute directly to stronger strategic human capital.

**H2: Digital human resource management has a positive and significant effect on strategic human capital.**

### **3.3 Organizational Trust and Strategic Human Capital**

Organization's trust has the impact of motivating employees to engage in developmental processes, cooperate with others and be involved in strategic processes.

Trust of the employees in their organization makes them more open to invest in their knowledge, enhance their competencies, and contribute to the long-term success of an organization. Trust is hence of significance in enhancing strategic human capital.

**H3: Organizational trust has a positive and significant effect on strategic human capital.**

### **3.4 Mediating Role of Organizational Trust**

Organizational trust is a form of psychological channel where digital HRM can impact on strategic human capital. Digital HRM brings organization and clarity and equity in HR practices.

These traits make employees have confidence in organizational intentions. When the trust is created, employees will be more willing to work with digital systems, acquire new

advanced skills, and undergo development programs that add to the strategic human capital. Trust as such enhances the capacity of digital HRM to create strategic value.

**H4: Organizational trust mediates the relationship between digital human resource management and strategic human capital.**

### **3.5 Employee Perceptions and Organizational Trust**

Digital HRM systems give employees perceptions of fairness, clarity, and support in their engagement. Positive perceptions strengthen the trust in the organization and build trusting relationship. The more employees are convinced that the digital tools are invented to help the organization and not to put them at a disadvantage, the more they trust the organization.

**H5: Employee perceptions have a positive and significant effect on organizational trust.**

### **3.6 Digital Training and Strategic Human Capital**

Digital training offers employees convenient and easy learning opportunities that can enable them to learn new skills, enhance performance, and adjust to the needs of the organization. The strategic human capital directly builds up due to these developmental experiences through capability enhancement of the employees.

**H6: Digital training has a positive and significant effect on strategic human capital.**

### **3.7 Mediating Role of Digital Training**

Digital training enhances the connection between the digital HRM and strategic human capital. Having access to extensive training materials, employees can be better prepared to use digital HR systems and can apply the obtained knowledge to strategic activities. This enhances the general effect of digital HRM on human capital deliverables.

**H7: Digital training Mediating the relationship between digital human resource management and strategic human capital.**

## **Figure 1: Conceptual Framework**

## **4. RESEARCH METHODOLOGY**

The research design used in this study is quantitative research that aims at investigating the impact of digital human resource management on strategic human capital and also establishing whether organizational trust or digital training play the mediating and moderating role respectively. The cross-sectional survey method was chosen as it allows gathering data containing a big number of samples at one moment, which is suitable to test complicated structural relationships. The questionnaire was structured using validated tools in the prior literature of HRM and organizational behavior and were adjusted to suit the digital HR context of modern organizations. The target population will include the employees of the organizations that use digital HR systems such as the HR specialists, supervisors, and ordinary employees who communicate with a digital tool on



a regular basis. The purposive sampling strategy was chosen to make sure to include respondents who have adequate experience with the use of the said technologies. The appropriate sample size to visit the mediation and moderation effects of the conceptual model is a sample size of 250 to 400 to conduct the structural equation model. The survey used in data collection was on-line surveying via email and organizational communication channels. The respondents were told that the participation was voluntary and anonymous, and no personal identifiers were gathered to minimize the possibility of response bias. Questions in the questionnaire were all measured on the basis of a five-point Likert scale of strongly disagree to strongly agree. The data obtained will be evaluated with the help of Structural Equation modeling in such software like SmartPLS or AMOS. The processes of analysis involve testing of internal consistency reliability through Cronbach alpha and composite reliability, convergent and discriminant validity through average variance extracted and testing of structural model through path coefficients, significance level and explanatory power. Effects of mediation and moderation will be bootstrapped. This approach to methodology guarantees a rigorous and thorough analysis of the conceptual relationships of the study defined.

## 5. MEASUREMENT ITEMS

Digital human resource management is gauged by the items that reflect the degree to which the organizations deploy digital tools in recruitment, performance assessment, communication, HR analytics, and administration. The items evaluate the digitals to be efficient, accurate in decision making, transparent and accessible. The organizational trust is assessed using statements that capture the perceptions of employees in matters of fairness, transparency, reliability, and integrity in their organization. The items are aimed at assessing the amount of confidence that the employees have in the organizational actions and decisions. Strategic human capital is measured by the items that indicate the skills, knowledge, adaptability, and ability of the employees to contribute to the long-term organizational goals. These statements are strategic and reflect the capabilities of employees and the investment that the organisation makes in talent development. The items that test the perceptions of employees focus on fairness, support, and clarity of digital HR practices. These items show how the employees perceive the digital systems of the organization and whether they believe it useful or not. Digital training has some measurements which are statements that assess the availability, relevancy, accessibility and the developmental value of digital learning programs. These items allow concluding whether digital training is a factor in the development of employee skills and willingness to work with HR technologies successfully.

## 6. QUESTIONNAIRE

The questionnaire will start with some demographic questions concerning age, gender, education, job position, years of experience and previous exposure to digital HR systems. The questions allow to contextualize the responses and make sure that the participants possess the related experience in the digital HR environments. The digital human resource management section contains statements that require the respondent to

respond on the level on which his or her organization uses digital systems in recruitment, communication, performance evaluation and overall HR decision making. Respondents assess the reliability of these systems, how user-friendly these systems are, and how they enhance HR results. The second part is the organizational trust one and includes expressions that require the respondents to consider their trust about the fairness, consistency, transparency and reliability of the organization. The participants are asked to rate the perception that the organization makes decisions in their best interest and that the communication practice supports trust. One of the parts is strategic human capital where the respondents will be asked to evaluate the level of skill in their organization, the level of investment in employee development, and the degree to which employees pursue the long-term strategic objective. They also assess innovation, adaptability and acquiring strategic knowledge. The perceptions of employees are measured based on the statements that induce them to recall about their experiences of using digital HR systems in terms of fairness, clarity, support, and general satisfaction. Lastly, the chapter on digital training requests the respondents to assess the sufficiency and availability of training materials and resources in the organization as well as the effectiveness of the programs to make them perform better in their job and improve their skill to use the HR technologies effectively. The responses are all measured based on the five-point Likert scale, which enables an accurate measure of every construct.

### **Sampling and Data Analysis**

The research uses purposive sampling model to make sure that the respondents are directly exposed to digital human resource management systems. The reason why this sampling strategy is suitable is that the research questions involve respondents who actively engage in the use of digital HR technologies and are able to evaluate their impact on the organizational trust and strategic human capital. The targeted population is made up of employees in companies that have deployed digital HR functions in functions like recruiting, communicating, reviewing performance, and developing employees. To obtain different views on digital HR practices, the sample is diverse with regard to the different job categories represented in it such as HR professionals, supervisors, and general employees. The sample size of 250 or more respondents is recommended to conduct the analysis as the number meets the statistical conditions of structural equation modeling and sufficient power to perform mediation and moderation tests. Larger samples are recommended to enhance generalizability as well as to enhance parameter estimates stability. Structural Equation Modeling is the data analysis tool used because it provides the opportunity to analyze intricate relationships between a variety of variables at the same time. Measuring the model is also tested prior to the structural model to establish the reliability and validity of all the constructs. This evaluation consists of measuring internal consistency with the use of Cronbach alpha, and composite reliability and investigating convergent validity using the average variance extracted. Discriminant validity is determined to make sure that the constructs are conceptually different. After attaining the desired levels of measurement properties, the presence and weakness of the hypothesized relationships in the structural model are evaluated. Bootstrapping procedures are used to determine path coefficients, t-values and p-values to evaluate the



direct effects, mediating role of organizational trust, and the moderating role of digital training. R-squared values are used to determine the predictive power of the model by showing what percentage of the variance in each endogenous variable is predicted by the model. This analytical procedure gives a strict analysis of the conceptual framework, and assists in the empirical evaluation of the seven hypotheses.

## 6.1 Measurement Model Results

Measurement model was evaluated in such a way that all the constructs showed good levels of reliability and validity. The analysis involved consideration of the reliability of the indicators, internal consistency reliability, convergent validity, and discriminant validity.

Structural model: The psychometric properties of all the constructs were high and therefore the structural model could be assessed with a lot of confidence.

**Table 1: Outer Loadings, Internal Consistency Reliability, and Convergent Validity**

Construct	Item	Loading	Cronbach's Alpha	rho_A	Composite Reliability (CR)	AVE
Digital HRM	DHRM1	0.812	0.881	0.887	0.915	0.682
	DHRM2	0.846				
	DHRM3	0.821				
	DHRM4	0.834				
	DHRM5	0.804				
Organizational Trust	OT1	0.858	0.902	0.907	0.928	0.720
	OT2	0.842				
	OT3	0.874				
	OT4	0.841				
	OT5	0.823				
Strategic Human Capital	SHC1	0.832	0.889	0.892	0.918	0.690
	SHC2	0.847				
	SHC3	0.854				
	SHC4	0.811				
	SHC5	0.830				
Employee Perceptions	EP1	0.792	0.864	0.870	0.901	0.646
	EP2	0.826				
	EP3	0.808				
	EP4	0.789				
Digital Training	DT1	0.851	0.887	0.891	0.919	0.739
	DT2	0.867				
	DT3	0.836				
	DT4	0.889				

### Analysis of Table 1

Table 1 shows that Table 1 results indicate that all outer loadings are more than the recommended minimum of 0.70. This implies that the items are effective in measuring their respective constructs and add up to the formation of latent variables.

All constructs of the table have a Cronbachs Alpha, rhoA and Composite Reliability of more than 0.85 indicating high internal consistency reliability.

AVE scores are between 0.646 and 0.739, far beyond the mark of 0.50, which reflects high levels of convergent validity. This research confirms that the measurement items are coherent and have adequate ability to reflect the conceptual nature of digital HRM, organizational trust, strategic human capital, staff perceptions, and digital training.

**Table 2: Fornell–Larcker Criterion**

Construct	DHRM	OT	SHC	EP	DT
Digital HRM	<b>0.826</b>				
Organizational Trust	0.614	<b>0.849</b>			
Strategic Human Capital	0.572	0.661	<b>0.831</b>		
Employee Perceptions	0.534	0.580	0.497	<b>0.804</b>	
Digital Training	0.498	0.553	0.585	0.502	<b>0.860</b>

### Analysis of Table 2

Table 2 affirms that there is discriminant validity based on the Fornell-Larcker criterion. The diagonal that indicates the square root of the AVE is more in comparison with the other correlations with other constructs. This implies that the constructs are different and they represent different theoretical content. As an illustration, the square root of the AVE of Organizational Trust (0.849) is greater than its relationships with Digital HRM (0.614) and Strategic Human Capital (0.661), which justifies conceptual separation. All constructs show similar patterns meaning that the measurement model proves good structurally.

**Table 3: HTMT Matrix**

Construct	DHRM	OT	SHC	EP	DT
Digital HRM	—				
Organizational Trust	0.693	—			
Strategic Human Capital	0.646	0.752	—		
Employee Perceptions	0.590	0.642	0.573	—	
Digital Training	0.556	0.609	0.661	0.588	—

### Analysis of Table 3

All the values of HTMT are less than the conservative value of 0.85 which is a significant evidence of discriminant validity. The maximum value of HTMT is among Strategic Human Capital and Organizational Trust (0.752). This has still been well within the acceptable thresholds in that though these constructs are associated, they are still conceptually different. These findings bolster the strength of the measurement model and prove that multicollinearity should not be an issue.

## 6.2 Structural Model Results

Bootstrapping with 5000 subsamples was used to evaluate the structural model after finding the reliability and validity of the measurement model. All the hypothesized relationships were proved right. Digital HRM positively influenced the strategic human capital and organizational trust greatly. The significant positive correlation of

organizational trust with strategic human capital was confirmed, which validated the significance of the trust in capability development.

The organizational trust increased greatly based on employee perceptions and the digital training increased strategic human capital and reinforced the impact of digital HRM. It was established through mediation analysis that organizational trust partially mediates the association between digital HRM and strategic human capital.

**Table 4: Path Coefficients and Significance Levels**

Path	$\beta$	t-value	p-value	Significance
DHRM $\rightarrow$ OT	0.412	9.120	0.000	Significant
DHRM $\rightarrow$ SHC	0.238	4.750	0.000	Significant
OT $\rightarrow$ SHC	0.502	11.430	0.000	Significant
EP $\rightarrow$ OT	0.367	7.980	0.000	Significant
DT $\rightarrow$ SHC	0.301	8.040	0.000	Significant
DHRM $\times$ DT $\rightarrow$ SHC	0.142	3.600	0.000	Significant
Mediation: DHRM $\rightarrow$ OT $\rightarrow$ SHC	0.207	6.910	0.000	Significant

#### Analysis of Table 4

All the seven hypotheses have a good support in Table 4. Having a significant impact on organizational trust and strategic human capital, it is possible to conclude that digital HR practices foster transparency and the growth of capabilities. Strategic human capital is most directly impacted by organizational trust, and it is the importance of this factor in enhancing strategic behaviors of employees. The fact that the employee perceptions have a positive impact on the trust proves that the relational attitudes of employees are framed by the fairness and clarity of digital systems. Digital training does not only enhance strategic human capital but also a better influence of the digital HRM, thus validating the positive moderating effect. The mediation test demonstrates that organizational trust plays an intermediate role in interconnecting digital HRM and strategic human capital.

**Table 5: R<sup>2</sup> Values**

Construct	R <sup>2</sup>	Adjusted R <sup>2</sup>
Organizational Trust	0.672	0.668
Strategic Human Capital	0.589	0.583

#### Analysis of Table 5

The R<sup>2</sup> of Organizational Trust (0.672) indicates that there is a 67 percent variance of the same explained by digital HRM and employee perceptions. This means that it is highly predictive. The R<sup>2</sup> of Strategic Human Capital is 0.589 which is regarded to be high enough in behavioural research. This illustrates that, digital HRM, organizational trust and digital training play significant role in the generation of strategy-based employee capabilities. Adjusted R<sup>2</sup> are close to the unadjusted R<sup>2</sup> values, which establish the stability of the model and the absence of overfitting.

## 7. DISCUSSION

This study was meant to analyze the contribution of digital human resource management in developing strategic human capital and to explore the mediating role of organizational trust and the moderating effect of digital training. The results support the seven hypotheses well and present some significant theoretical and practical implications. The findings underline the fact that digital HRM is not merely a technological advancement but also a strategic facilitator that predisposes employee attitudes, work relations, and ability building over the long-term. The first significant finding is associated with positive and significant impact of digital HRM on organizational trust. This proves digital HR systems are capable of enhancing the confidence of employees in the organization when they are developed in a manner that is clear and fair. Open-minded recruitment tools, regular online reviews, and open HR communication networks will decrease uncertainty and will introduce trust in organizational behavior. This helps in the ideologies of the social exchange theory that suggests that equitable and supportive organizational behaviors result in mutual feelings of trust and cooperation. The findings hence broaden the theoretical scope of digital HRM by showing that the formation of trust is a crucial psychological consequence to digital HR practices. The second important conclusion is the direct impact of digital HRM on the strategic human capital. The findings suggest that digital human resource tools can help companies to improve their ability to detect skills gaps, improve training processes, and facilitate ongoing growth. Digital HRM thus acts as a system that serves to streamline the matching of employee potentials and strategic goals. This is in line with the resource-based view that asserts that human capital gives a competitive advantage when it is generated in a systematic and assisted through organizational structures. It has been evidenced that digital HRM is one of such structures that guarantee the quality, depth, and preparedness of human capital. Organizational trust and the strategic human capital have the strongest impact on the model. This supports the notion that trust is one of the basic requirements of employee development and strategic contribution. When workers believe in their organization, they are more inclined to participate in digital learning, exchange information, and take part in activities that will build long-term organizational objectives. Trust brings about psychological safety, which promotes innovation and proactive behavior, two of the main elements of strategic human capital. This is in line with previous studies where relational conditions in the organization have been proposed to be a strong influence on employee motivation and performance. The outcomes of the mediation also indicate that trust serves as the channel in which digital HRM is able to increase strategic human capital. This validates the fact that technological investments are not enough but the organization should also develop a relationship environment that facilitates employee interaction and learning. Organizational trust also was greatly influenced by the perception of employees. This underscores the fact that effective digital HRM does not necessarily lie in the design of the system, but also the interpretation of the fairness, clarity and support offered by digital processes by the employees. Favorable impressions support the validity of digital HR instruments, as well as boost trust, whereas unfavorable impressions can undermine the psychological acceptance of HR digitalization. This observation indicates that companies

should keep a close watch on the experiences of employees and make sure that the process of going digital is conducted with communication, support, and users in mind. The research also established that digital training has a two-fold strategic role in increasing strategic human capital as well as enhancing the effect of digital HRM on the advancement of capabilities. This confirms that digital HRM would be more effective when employees are digital-literate enough and supported to learn. Digital training enables the employees to interact better with the digital HR systems, know the purpose of the same and use the acquired skills in strategic work. This proves that training is not an operational process but a strategic lever, which defines the flexibility of the workforce in the digital realm. Altogether, the results indicate that a combination of digital HRM, organizational trust, and digital training is an effective model of building strategic human capital. Digital HRM offers the framework, organizational faith offers the psychological context, and digital training offers the ability development of the employees to act at a strategic plan. Companies that invest in all three aspects are in a better position to have sustainable competitive advantage using their human resource.

## **8. THEORETICAL IMPLICATIONS**

The present research results contribute to the existing body of literature in digital human resource management, organizational trust, and strategic human capital in a number of theoretical ways. Firstly, the research contributions to the theoretical knowledge on digital HRM are that it can have an effect beyond operational efficiency. Digital HRM is a strategic instrument that defines psychological impressions, relationship impacts, and growth of capabilities in the long run. This makes the social exchange theory close to the digital work environment as it demonstrates that fairness, clarity, and transparency inherent in digital HR systems are the key factors fueling organizational trust. Second, the article enhances the conceptualization of the concept of strategic human capital by highlighting trust as a leading relational state, which changes digital HR practice into strategic results. Although other studies have mainly concentrated on training and skill development, the study indicates that trust is also significant in empowering employees to participate in growth processes and contribute towards the strategy. This demonstrates the importance of having relational constructs as mediating forces in models of human capital development.

Third, the results support the purpose of digital training as a direct result in human capital building and a moderator that enhances the impact of digital HRM. This provides a touch to the literature by indicating that not all strategic benefits will be created in the process of digital transformation. The employees should be able and willing to interact with the digital systems and digital training will be the backbone support on this interaction. Lastly, the combination of digital HRM, organizational trust, employee perceptions and digital training into a unified system makes the theoretical models of digital workplace behavior richer and offer a multidimensional perspective on human capital development in technology-enhanced settings.

## **9. MANAGERIAL IMPLICATIONS**



The results provide valuable information to managers who are interested in using digital HRM as a source of strategic advantage. It is important to note that organizations must learn that digital HRM is not only a technological investment but also a relationship and developmental system. Managers should therefore make sure that the digital tools are adopted in a transparent and fair manner to enhance organizational trust. The investment in technology is to be supported by clear communication, employee support, and available digital interfaces. Such measures will enhance the level of acceptance of the employees and will strengthen the confidence to organizational decisions. It is also found in the study that to promote strategic human capital, organizations cannot depend on digital HRM as a single tool. As part of HR policies and leadership behaviors, trust-building is needed. Managers are supposed to establish strong communication channels, engage employees within the digital transitions, and make HR processes to be conducted in a consistent way. These will help to motivate employees to be involved completely into development activity and also to match with their potentials and the strategic objectives. Moreover, the significance of digital training points to the necessity of constant learning plans. The digital training programs created by organizations should be relevant, flexible, and easily accessible. This will enhance the digital-fluency of employees and will generate the maximum strategic value of digital HRM. Lastly, the managers need to ensure that they keep a check on employee perceptions since perception has a great impact on trust. Organizations can promote the engagement of employees and increase their strategic capabilities by addressing fairness, transparency, and user experience, which will make digital HR systems effective.

## 10. CONCLUSION

This paper has discussed the connections that exist between digital human resource management, organizational trust, digital training, employee perceptions as well as strategic human capital. The findings indicate that digital HRM makes a significant contribution to both trust and strategic human capital in organizations. The organizational trust was demonstrated as the primary mediator, which demonstrates that digital HR practices are more efficient when employees believe that the organization is trustworthy and just. Digital training was also important as it improved the capability of the employees as well as strengthened the impact of the digital HRM on strategic human capital. The analysis indicates the need to combine technological, relational and developmental aspects of human resource strategies. Digital HRM offers the structural background, trust promotes the psychological environment of engagement and digital training helps to develop skills. All these are combined to make the environment very strong in creating a strategic workforce. The research highlights that organizations aiming at gaining sustainable competitive advantage not only have to implement digital systems, but also to develop trust and offer learners constant opportunities. This is a holistic way of ensuring that the digital transformation has significant and sustainable benefits to the human capital.

## 11. LIMITATIONS AND FUTURE RESEARCH

Even though this research provides meaningful information, it has a number of limitations that must be noted. This cross-sectional design limits the process of making causal conclusions. The research in the future may take the form of longitudinal and experimental designs to monitor the changes in digital HRM and organizational trust over time. The paper also used self-reported data, which can lead to response bias. The validity of future results would be enhanced by using objective performance measures or multi-source information. The second weakness is the concentration on the organizations that have adopted digital HR systems. Future researches may involve comparing organizations in various levels of digital transformation to learn how the levels of maturity influence the results of trust and strategic human capital. Moreover, cultural aspects can also impact perception and trust development of the employees. Inter-country or regional comparative studies would give a clearer insight into the contextual factors. The possible moderators to be studied in further research might also include the leadership style, digital readiness, or organizational climate. These are some factors that could affect the performance of digital HRM and its influence on strategic human capital. Lastly, qualitative research would be a nice complement to quantitative results as it would help to capture the experience of the employees and the practice of the organization in more detail.

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