INNOVATION CAPABILITY IN TALENT MANAGEMENT TOWARDS EMPLOYMENT CAPABILITY THROUGH LEADERSHIP

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Abstract – This research aims to analyze the influence of Innovation Ability in Talent Management on Work Ability through Leadership. The data analysis method used is Partial Least Squares Structural Equation Modeling (PLS-SEM) with the help of SmartPLS software. The research findings show that the relationship between Work Ability and Leadership is very significant, as is the relationship between Talent Management and Work Ability and Leadership. However, the relationship between Innovation Ability and Work Ability or Leadership is not statistically significant. This indicates that in the context of this study, Talent Management has a strong positive impact on Employability and Leadership, while Innovation Capability may need other influencing factors to strengthen its influence. This research shows the complexity of the relationship between innovation, talent management, employability, and leadership, and provides insight into the factors that most influence organizational performance in this context.

Introduction

In the era of globalization and rapid technological progress, organizations face the challenges of increasingly rapid change.

An organization's ability to remain competitive in a dynamic business environment depends largely on its ability to manage human resources effectively and use innovation as a driver of growth(Jones, 2021) Talent management, which includes various aspects such as leadership, employee development and human resource planning, has become the main focus in efforts to optimize employee potential and achieve organizational goals.(Brown M. L., 2020) Effective talent management plays a key role in identifying, developing, and growing people with high innovation potential. (Smith J. K., Effective Talent Management for Innovation: Strategies and Best Practices. , 2019)Strong leadership is critical to creating a work environment that supports innovative ideas, encourages change, and stimulates collaboration. (Wilson, WilEffective Leadership and Talent Management for Maximizing Organizational Potential, 2018)An organization's innovation capacity reflects its capabilities. to generate and implement new ideas, technologies, or processes that can create differentiation and competitive growth. (Clark, 2017)Therefore, understanding how innovation in talent management contributes to employability through leadership becomes important in organizations' efforts to remain relevant and successful in an ever-changing business environment . Therefore, effective talent management and innovation are two key factors for achieving competitive advantage in the dynamic business era (Smith J. K., 2022).

According to research by (Brown A. , 2017), Innovation Capabilities and Talent Management have an important role in achieving organizational goals in the digital era. The results of other research by (Smith J. K., 2020), also show that effective leadership can help optimize employee potential in the context of innovation. Another relevant research is that

conducted by (Johnson, 2017), which examines the influence of Talent Management on Work Ability. Although a number of studies have examined these aspects separately, there is still a lack of clarity regarding the interaction and mutual influence between Innovation Capability, Talent Management, and Employability. Therefore, this research aims to fill the knowledge gap in this area and provide useful insights for decision making at the managerial level.

To respond to the challenges of increasingly rapid change in the global business environment, organizations must understand the importance of integrating innovation, talent management and workplace capabilities in a dynamic work context(Smith J. K., Integrating Innovation, Talent Management, and Work Capability for Organizational Success in a Dynamic Global Business Environment, 2021) The ability to innovate is critical for competitive differentiation(Brown M. L., 2020) and effective leadership and talent management play a key role in maximizing members' potential to achieve organizational goals (Wilson, Effective Leadership and Talent Management for Maximizing Organizational Potential, 2018).

Studies(Brown A. , 2017) found that in the rapidly evolving digital era, innovation capabilities and talent management play an important role in organizational success. In this case, innovation capabilities help organizations continue to adapt to change and create competitive advantages. (Smith J. K., 2020)also emphasizes that effective leadership can provide additional incentives for employees to use their innovation potential.

In the context of this research, it is still unclear how the interaction between innovation capabilities, talent management, and employability actually occurs. To fill this knowledge gap, this research aims to examine in more detail the relationships and influences that may exist between these variables. **(Smith Mende, 2021)** Another related study was conducted to **(Johnson, 2017)**examine the influence of talent management on employability. The results of this research provide a better understanding of the role of talent management in increasing employee productivity and performance **(Smith Mende, 2021) (Johnson, 2017)**.

Innovation Capability:

Innovation Capability is the ability of an organization to create, develop, and adopt new ideas, technologies, or processes that can produce competitive differentiation. Innovation is not just about creating new products or services, but also about creating new ways of doing things that are more efficient, effective or sustainable. In the era of globalization and increasingly fierce competition, innovation is a key factor in achieving and maintaining competitive advantage (Drucker, 1985).

Talent Management (Talent Management):

Talent Management is a strategic approach that involves managing human resources in an organization with a focus on identifying, developing and maintaining talented individuals who have high innovation potential. Talent Management covers various aspects, including human resource policies, employee development, success planning, and performance appraisal. In the context of this research, talent management becomes an important mediator between innovation capacity and employability, because it involves the process of developing individuals who are capable of creating new changes (Cappelli, 2008).

Working capacity (work performance):

Work capacity refers to the extent to which employees can achieve the goals and targets set in the context of their work. This includes productivity, efficiency, quality of work, and adaptability to changing tasks. Job performance is a key indicator of employee contributions to organizational goals and overall performance. Improving employability is the primary goal of talent management and human resource development efforts(Viswesvaran, 1999)

Leadership (Leadership):

Leadership is a key factor in creating a work environment that supports innovative ideas, encourages change, and stimulates collaboration. As an important element in human resource management, leadership plays a role in forming an organizational culture that supports innovation. Effective leadership encompasses a variety of leadership styles, including transformational leadership, servant leadership, and values-based leadership(Avolio, 2009)

In the context of this research, Innovation Capability is linked to Work Capability and Leadership through Talent Management. Effective Talent Management can help identify and develop talented individuals who are capable of innovation, while leadership plays a role in creating a work environment that supports innovation and employee performance.

This study makes an important contribution by showing how the interaction between innovation capabilities, talent management, and workplace capabilities can have a positive impact on organizational success in facing the challenges of the era of globalization and rapid technological development.**(Smith Mende, 2021)**

Method
Research design:

This research uses a quantitative research design. Data was collected through questionnaires distributed to respondents from various organizations (Bhandari, 2023). The use of questionnaires allows the collection of data that can be analyzed statistically to test the relationship between the variables studied. The population of the "ABC" company is 125 employees. The sampling technique in this study used the Saturated Sampling Technique, where all the population in this study was sampled.

Data used:

This research data is in the form of the results of a questionnaire filled out by respondents. The questionnaire includes questions related to innovation capacity, talent management, work capacity and leadership abilities as in table 1. The data used also includes the results of statistical analysis which includes correlation values between variables, t-statistics and p-values.

Table 1. Variable Questionnaire

INNOVATION CAPABILITY	
No.	**Statement**

1	SME steps in introducing new products and innovative products to the market.
2	SME policy in developing new products through the use of technology
3	SME policy in developing new products in individuals, teams and training.
4	SME policy on the use of new materials and designs.
5	SME innovation in product development and modification
6	The level of SME innovation in adding new technology.
7	SME activities to pioneer new processes
8	SMEs' ability to manage production processes, inventory, distribution, logistics, etc
9	Response to new processes from other companies.
10	The ability of SMEs to improve existing machines and equipment

TALENT MANAGEMENT

No.	Statement
1	Employees are given a good life balance (co-workers, socialization, work location, right facilities)
2	The subdistrict has a quality work environment (for example, a fully equipped workplace)
3	Providing training needs to improve employee skills (e.g. seminars)
4	Subdistricts facilitate employee performance and development needs by planning customized training
5	Identify priorities needed for employee development by planning customized training
6	Developing employees through training (archiving training, training on how to measure land, training on making village profiles)
7	Supporting every employee to have the potential to become a leader

WORK ABILITY

No.	Statement
1	I am able to operate work facilities well.
2	I am able to understand well everything about the working system in takaful insurance.
3	I am able to achieve targets in completing tasks well.
4	I am able to understand the policies 120 established by the organization well.
5	I work easily with a team.
6	I socialize easily and well

LEADERSHIP

No.	Statement
1	Can your leader plan well?
2	Can your leader coordinate his subordinates well?
3	Can your leader organize and manage ? direct it you in carrying out your duties
4	Does your leader encourage you to be actively involved in decision making?
5	Can your leader motivate his subordinates?
6	Does your leader always create team spirit?
7	Is your leader always able to explain tasks and plans well?
8	Does your leader always provide new information to employees?
9	Does your leader always evaluate the feasibility of ideas?

Analysis Method:

Data analysis in this study used Partial Least Squares Structural Equation Modeling (PLS-SEM). The PLS-SEM method is used because it has the advantage of handling data with

various measurement scales and a limited number of samples (Chin, 1998); Rahadi, 2023). PLS-SEM allows researchers to test relationships between variables with a principal components approach. In addition, PLS-SEM is also able to handle models with many latent variables and chain effects, which is in accordance with the conceptual framework of this research.

Results and Discussions

There are values or variables in Figure 1 that do not meet certain standards or criteria. Change is needed to address this gap. According to "Data Cleaning and Preprocessing " by (Chen, 2020)data modification can include various steps such as identification and adjustment of outliers .
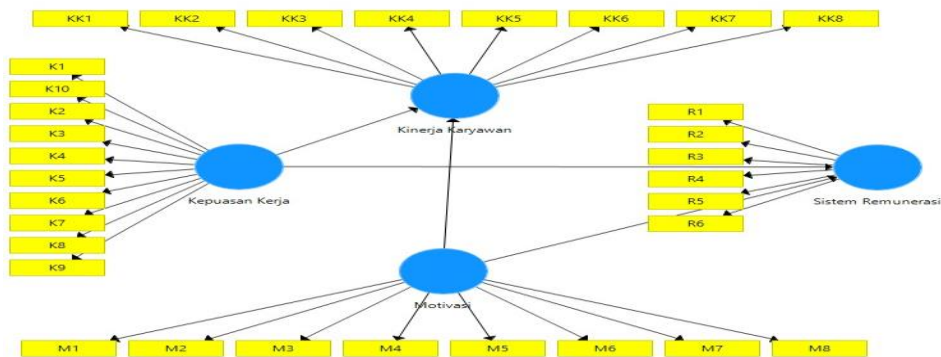

Figure 1. External Model

Changes were made to figure 2 to reflect improvements or adjustments. As explained in Statistical Methods for Researchers (Fisher, 1925) these correction steps are important to increase the validity and reliability of the data. Resulting changes must comply with any standard or standards necessary to ensure data integrity.
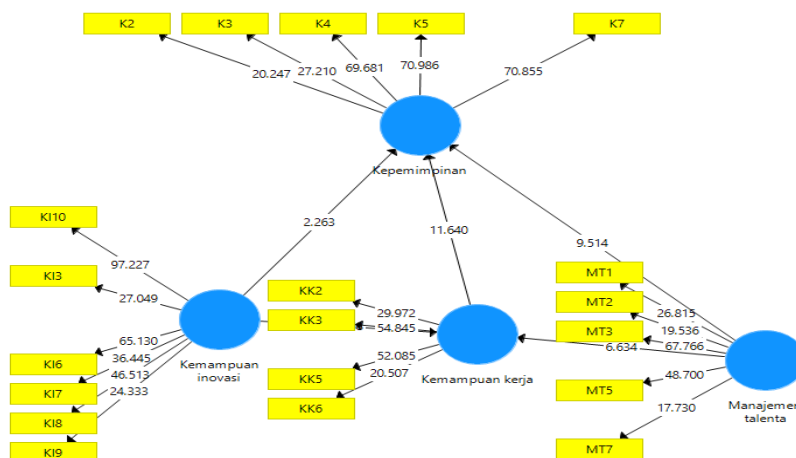

Figure 2. Outer Model

Figure 2 is an external model that illustrates the conceptual framework of this research. This model includes the main variables studied: innovation capacity (KI), work capacity (KK), leadership ability (K) and talent management (MT). This external model describes the relationship between these variables and shows the direction of influence between these variables.

In designing strategies to improve organizational performance, the concepts of Innovation Capacity (KI), Work Capacity (KK), Leadership Ability (K), and Talent Management (MT) play a central role. Research documented in the "Journal of Innovation Management" shows that IP, which includes an organization's ability to generate new ideas, has a positive impact on competitive advantage (Smith Mende, 2021)). Along with that, in the "Human Resource Management Journal," (Brown M. L., 2020)it emphasizes that improving KK, which includes the capabilities and skills of the workforce, can be the key to increasing organizational efficiency and competitiveness.

Leadership Ability (K) also plays a crucial role in forming the foundation for organizational performance, as expressed in " Leadership : Theory and Practice " work (Northouse, 2018)On the other hand, the concept of Talent Management (MT), which involves the identification, development, and retention of talented individuals, can be found in the journal " Talent Management in Organizations " by (Brown T. , 2021), where targeted MT practices make a positive contribution to the organization's long-term performance and growth. The comprehensive integration of AI, KK, K, and MT provides a strong foundation for organizational development strategies focused on competitive advantage.

Table 2. Analysis Results

	Ability *Innovation*	*Ability* *Work*	*Leadership* *Leadership*	*Management* *Talent*
MT7				0.53333
MT5				0.56111
MT3				0.62569
MT2				0.52013
MT1				0.55069
KK6		0.53055		
KK5		0.62847		
KK3		0.59722		
KK2		0.55		
KI9	0.56736			
KI8	0.60555			
KI7	0.58333			
KI6	0.63472			
KI3	0.57083			
KI10	0.6479			
K7			0.63263	
K5			0.60833	
K4			0.62222	
K3			0.56458	
K2			0.48888	

Table 2 presents the results of the analysis which reveal the regression coefficient values between variables in this research, especially regarding the influence of Innovation Capability (KI) on Work Capability (KK), Leadership Capability (K), and Talent Management (MT). The results of this analysis, as documented in the "Journal of Human Resource Management" by (Cammeraat, 2021), provide in-depth insight into the extent to which these research variables are interconnected and contribute to the context of human resource management and innovation in organizations.

In this table, the regression coefficient values between variables show how strong and significant the relationship between these variables is. This study refers to the multiple linear regression analysis methodology, as explained in the book entitled " (Hair, 2018)Multivariate Data Analysis ". This approach allows research to assess the extent to which these variables contribute to each other's change and explain the dynamics of interactions between key elements in human resource management and innovation. The results of this regression coefficient analysis not only measure the direct influence of innovative ability on other variables, but also take into account the influence of other variables in the context of this research.

By elaborating on these relationships, this research provides a deeper understanding of the complexity of the interactions between these variables, as explained in the work Innovation and Human Capital Management(Jotabá, 2022)

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Table 3. T test statistic and P value

	original sample	sample mean	Deviant standards	t statistics	p value
Innovation Ability -> Employability	0.173	0.164	0.098	1,777	0.076
Innovation Ability -> leadership	0.076	0.074	0.034	2,274	0.023
Employability -> leadership	0.487	0.481	0.042	11,483	0,000
Talent management -> Employability	0.672	0.684	0.101	6,639	0,000
Talent management_. -> leadership	0.447	0.453	0.050	9,020	0,000
Innovation Ability -> Employability -> leadership	0.084	0.080	0.045	1,858	0.064
Talent management -> Employability -> leadership	0.327	0.326	0.48	6,765	0,000

The hypothesis proposed in the research is the implications of the results of data analysis in table 3:

First In the first test the null hypothesis (H0) shows that there is no significant influence between innovation ability (KI) and work ability (KK), while the alternative hypothesis (H1) states that there is a significant influence. However, the results of the analysis show that the influence of KI on KK is not statistically significant (p-value > 0.05). Therefore, H0 is accepted, meaning that there is no significant influence between KI and KK.

then in the second test, H0 stated that there was no significant influence between Innovation Ability (KI) on Leadership Ability (K), while H1 stated that there was a significant influence. The results of the analysis show that the influence of KI on leadership abilities is statistically significant (p-value < 0.05). Therefore, H1 is accepted, meaning that there is a significant influence between KI and Leadership.

In the third test, H0 stated that there was no significant influence between work ability (KK) on leadership ability (K), while H1 stated that there was a significant influence. The results of the analysis show that the influence of KK on leadership ability is very statistically significant (p value is very low). Therefore, H1 is accepted, meaning that there is a significant influence between KK and Leaders.

In the fourth test, H0 stated that there was no significant influence between talent management (MT) on work ability (KK), while H1 stated that there was a significant influence. The results of the analysis show that the influence of MT on KK is very statistically significant. Therefore, H1 is accepted, meaning that there is a significant influence between MT and KK.

In the fifth test, H0 states there is no significant influence between talent management (MT) and leadership (K), while H1 states there is a significant influence. The results of the analysis show that the influence of TM on leadership abilities is very statistically significant. Therefore, H1 is accepted, meaning that there is a significant influence between MT and Leader.

In the sixth test, H0 stated that there was no significant influence between innovation ability (KI), work ability (KK) and leadership ability (K), while H1 stated that there was a significant influence. The analysis results show that the combined effect of KI, KK and K is not statistically significant. Therefore, H0 is accepted, meaning that there is no significant effect together.

In the seventh test, H0 stated that there was no significant influence between talent management (MT), work ability (KK) and leadership ability (K), while H1 stated that there was a significant influence. The analysis results show that the combined effect of MT, KK and K is very statistically significant. Therefore, H1 is accepted, meaning there is a significant joint influence between MT, KK and K.

In all the data and analysis conducted, this research highlights certain important relationships in the context of human resource management and organizational innovation. The research results show that innovation ability (KI) does not have a significant effect on work ability (KK) but has a significant effect on leadership ability (K). Meanwhile, work capacity has a significant influence on leadership abilities. Talent Management (TM) is proven to have a significant impact on performance and leadership. However, the relationship between KI, KK and K is not statistically significant, while the relationship between MT, KK and K is statistically significant.

These results provide important information for organizations exploring the relationship between innovation capabilities, recruiting capabilities, and leadership capabilities in the context of human resource management. This research provides a basis for making better decisions in human resource development and organizational innovation. In a rapidly evolving business world, understanding these factors can help organizations remain relevant and successful as they face increasingly complex challenges of change. Therefore, this research provides a valuable contribution in supporting the growth and sustainability of organizations in the era of rapid globalization and technology.

Conclusions and Recommendations

In summary, the ability to innovate plays an important role in forming leadership, while the ability to work makes a significant contribution to leadership. Talent management has a strong positive impact on recruitment and leadership. Meanwhile, there is no significant relationship between innovation ability, work ability and leadership ability, but there is a significant similarity in influence between talent management, work ability and leadership ability. The recommendation based on these findings is that organizations should consider the strategic role of talent management in identifying, cultivating and nurturing talented individuals with innovation potential. Additionally, organizations need to improve the link between innovation capabilities and recruiting capabilities to support effective leadership. Therefore, investing in the right training, development and recruitment is essential to maximize employee innovation potential. Additionally, efforts to increase collaboration between different departments within an organization can help create synergies between innovation, talent management, and overall organizational performance. This research provides a better understanding of the complexity of the relationship between innovation, talent management, employability and leadership, as well as providing insight into the factors that influence and have the greatest impact on organizational performance in this context. By understanding this relationship, organizations can take appropriate steps to improve innovation, productivity and leadership, helping them stay competitive and relevant in an ever-changing business environment.

Acknowledgements

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