Influence of Talent Management on Succession Planning Through Leadership Skills

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Abstract. One of a company's strategies in anticipating succession planning is talent management. Vacant critical positions, especially managerial positions, can disrupt the company's operational stability. This position requires fast acceleration, especially in terms of decision-making. The next problem is that the talents do not have leadership skills, so they are not ready to replace the critical vacant positions. This study aims to investigate the effect of talent management on succession planning through leadership skills in a plantation company in Indonesia. The research method used was descriptive quantitative with path analysis in answering the research hypothesis. The research population was all talents registered in the company, while the research sample was determined as 30 participants with the criteria that they have been registered as talent in the company for at least 1 year. The results show that talent management directly has a positive and significant effect on succession planning and that indirectly leadership skills can moderate the influence of talent management on succession planning.

Keywords: talent management · leadership skills · succession planning

1 Introduction

Succession planning is one of the important topics in Human Resource Management. Companies need to have good quality human resources to fulfill the vacant position. Unfortunately, many companies are not ready with a succession planning program, as they cannot prepare their successors when there is a strategic vacant position.

In ensuring the readiness and availability of a qualified employee for the successor, one of the HR programs is talent management. This program is designed in such a way as to prepare internal employees who are tough and ready to be placed in vacant positions, especially strategic positions. Companies need to ensure that they always have talents for the strategic position because it is related to quick decision-making. Companies need to avoid delays in making critical decisions that can hinder the company's business. The main challenge in carrying out talent management within the company is the readiness of supporting infrastructures, such as regular training programs for talents, competitive remuneration packages, and the available positions (Ahmadi et al., 2012). If the company is not ready with the existing infrastructure, then the talents will not be able to optimize their potential. Talents are not employees who are already productive, so management

knows the quality of their work, but talents are a group of employees who need to be guided and nurtured to grow their potential.

Another challenge the company faces regarding the readiness of its talents to fill vacancies in strategic positions is leadership skills. Companies that do not prepare talents with good leadership skills will bring in consecutive leaders who cannot run the company's business. Leadership skills are a set of abilities inherent in talents to take a managerial position in organizations. Effective leadership can ensure that the company runs effectively, efficiently, and with solid teamwork (Badu & Djafri, 2017). This is necessary for the company's business to run well.

This study aims to see how the influence of Talent Management on the readiness of Succession Planning through Leadership Skills as a mediating variable. The study was conducted at a palm plantation of a State-owned enterprise (BUMN) located in Medan, North Sumatra, Indonesia.

1.1   Talent Management

Talent management is a series of human resource processes in identifying, managing, and developing one's abilities based on their performance to get employees who are in line with the company's goal. Meanwhile, the talent is an individual in the organization who has abilities or unique advantages that can contribute to the achievement of organizational goals, both on the production side or in managerial positions.

Talent Management processes are (a) talent Criteria, which begins with determining the criteria or requirements to become a talent. (b) Talent Acquisition, after determining the talent criteria, then the company looks for talents that can come from internal or external companies. (c) Talent Classification, mapping the talents according to the results of their potential and performance. (d) Talent Development, then the company should develop the potential that exists in talent. (e) Talent Mobility, talents are placed in various positions in order to gain much more lessons and experience in running the company's business from various perspectives, and (f) Talent Retention, the company, prepares a competitive remuneration package in order to maintain and improve the performance of the talents. The Talent Management cycle can be seen in Fig. 1.
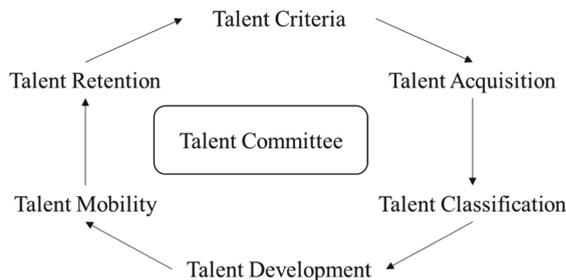
Fig. 1.   Talent Management Cycle

1.2 Leadership Skill

Leadership skills are closely related to the individual's ability to use the power in his position to influence, motivate, and support the efforts of others to make a positive contribution to the achievement of organizational goals. Leadership itself is a two-way interaction in terms of influencing and being influenced. This shows that leadership skills should be able to adjust when he listens and when he has to speak, leaders must stick to the collective achievement of company goals.

1.3 Succession Planning

The company basically prepares succession planning to prepare for a leader or critical position in the company. Every company needs a readiness in the top and critical position to keep the wheels of the organization running well. The leaders' role is very strategic to maintain work conduciveness and supervision of team achievement. Company performance is an accumulation of team performance consisting of various divisions or departments. The leaders fill the division for coordination and collectivity of performance. Leaders play a critical role in the planning, organization, action, and evaluation functions (Suwatno, 2019). If there is no leader, then the leadership function in the organization will limp. If this happens for a long time, it can affect the team's performance or division and ultimately disrupt the company's performance.

1.4 Conceptual Framework

The conceptual framework explains the flow of thought in research (Sinulingga, 2012). The conceptual framework is prepared as a guide in conducting research so that research has a corridor and can guide researchers in finding answers according to the formulation of research problems. Figure 2 exhibits the conceptual framework of this research.

1.5 Hypothesis

Based on the Conceptual Framework in Fig. 2, the hypotheses are:

H1.: Talent management has a direct positive and significant influence on leadership skills.
H2.: Leadership skill has a direct positive and significant influence on succession planning.
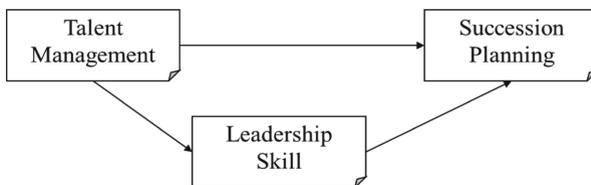
Fig. 2. Conceptual Framework

H3.: Talent management has a direct positive and significant influence on succession planning.

H4.: Talent management through leadership skills has an indirect positive and significant influence on succession planning.

2   Research Method

The design used in this research is correlational analysis, a type of research carried out to detect the extent to which variations in a variable are correlated with one or more other variables based on the correlation coefficient (Sinulingga, 2012). Hypothesis testing was done by Path Analysis.

The population in this study was all the talents recorded in the company and the research sample was set at 30 people with the criteria that they have been talents for 1 year.

3   Results and Discussion

3.1   Descriptive Statistic

The measuring instrument used in this study was a Likert-type questionnaire, to measure respondents' attitudes towards research variables. From the results of the measurement of respondents' attitudes, categorization was determined according to the average score range for each item of the question as follows: (a) Range score $(\overline{x}) \geq 4.33$ is in the category "Very High". (b) Range score $3.67 \leq (\overline{x}) < 4.33$ is in the category "High". (c) Range score $2.33 \leq (\overline{x}) < 3.67$ is in the category "Medium". (d) Range score $1.67 \leq (\overline{x}) < 2.33$ is in the category "Low". (e) Range score $(\overline{x}) < 1.67$ is in the category "Very Low".

Based on the above categories, the obtained results based on each research variable is shown in Table 1.

Table 1 shows that the "Leadership" variable has the highest average score of 4.38 in the "Very High" category, the next is the "Talent Management" variable which has an average score of 4.22 in the "High" category and the "Succession Planning" variable has an average score of 4.06 in the "High" category.

Table 1. Variable Description based on Categorization

| Variable	Average Score	Standard Deviation	Category
Talent Management	4.22	0.76	"High"
Succession Planning	4.06	1.03	"High"
Leadership Skill	4.38	0.51	"Very High"
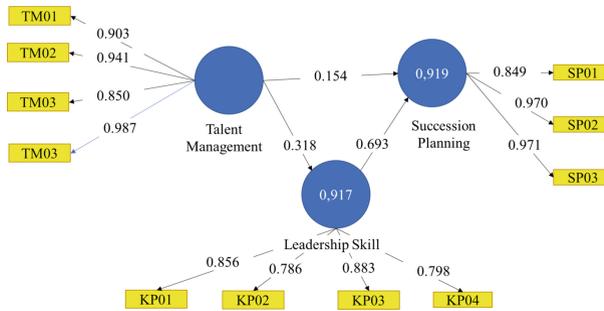
Fig. 3. Path Analysis

3.2 Hypothesis Testing

3.2.1. Path Equation

The results of the Path Equations can be seen in Fig. 3.

Based on Fig. 3, the magnitude of the influence of Talent Management on Leadership is 0.318 with an error value of 0.917. From this result, the direct equation of the path is obtained as follows:

$$Z = 0.318X + 0.917$$

The magnitude of the influence of Talent Management through Leadership Skills on Succession Planning is $(0.318 \times 0.693 = 0.220)$. The influence of Leadership Skills on Succession Planning is 0.693 with an error value of 0.917. From this result, the direct equation of the path is obtained as follows:

$$Y = 0.220X + 0.693Z + 0.919$$

3.2.2. Outer Model

Convergent validity testing was carried out through the outer loading test with the criteria of a valid questionnaire item if the correlation coefficient ≥ 0.7. The validity test results found that of the 12 sub-dimensions moving in the range of 0.820 to 0.965, all items were feasible when the research was taken. These results also indicate that no *trimming* was found in the study, so the study results are feasible to be continued. The details can be seen in Table 2.

Then, the reliability of the research instrument was measured using Cronbach's Alpha and Composite Reliability, where the coefficient obtained must be ≥ 0.700. According to Table 3, it is obtained, all Cronbach's Alpha coefficients on the research instrument are above 0.700, so it can be concluded that all research instruments have met the reliability of the measuring instrument. All Composite Reliability coefficients also show above 0.700 and it is also concluded that all research instruments have high reliability.

Table 2. Convergent Validity

	Talent Management (X)	Leadership Skill (Z)	Succession Planning (Y)
TM01	0.903		
TM02	0.941		
TM03	0.850		
TM04	0.987		
KP01		0.856	
KP02		0.786	
KP03		0.883	
KP04		0.798	
SP01			0.849
SP02			0.970
SP03			0.971

Table 3. Cronbach's Alpha

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Leadership Skill (Z)	0.949	0.967	0.907
Succession Planning (Y)	0.975	0.982	0.931
Talent Management (X)	0.94	0.957	0.849

Table 4. Direct Effect

	Standard Deviation (STDEV)	T-Statistics (|O/STDEV|)	P-Values
TM (X) → LS (Z)	0.128	2.474	0.014
LS (Z) → SP (Y)	0.137	5.072	0.000
TM (X) → SP (Y)	0.116	5.752	0.000

3.2.3. Inner Model

The inner model is intended to see the study results following the research hypothesis. There are 2 types of hypothesis testing in this study: direct and indirect evidence. The direct evidence of the hypothesis is shown in Table 4.

From Table 4, it can be seen that, Talent Management directly has a positive and significant effect on Leadership, as indicated by a significance value of $0.014 < 0.050$, so H1 is rejected. Leadership Skill directly has a positive and significant effect on Succession Planning, as indicated by a significance value of $0.000 < 0.050$, so H2 is rejected.

Table 5. Indirect Effect

	Standard Deviation (STDEV)	T-Statistics (|O/STDEV|)	P-Values
TM (X) → KP (Z) → SP (Y)	0.095	2.326	0.020

Talent Management directly has a positive and significant effect on Succession Planning, as indicated by a significance value of 0.000 < 0.050, so H3 is rejected.

Meanwhile, for indirect evidence of the hypothesis is shown in Table 5.

Based on the data in Table 5, it is obtained that Talent Management has an indirect and significant effect on Succession Planning through Leadership Skill, as indicated by a significance value of 0.020 < 0.050, so H4 is accepted.

3.2.4. Discussion

The main results of the study indicate that Talent Management has an effect on Succession Planning, this study is in line with Ahmadi et al., (2012), which stated that the talent management process is in line with the succession process in an organization. It takes a decent system and a clear method to make the succession process goes well so that the talents get clear guidance and direction. The talent management program is not just a program to complement employee empowerment. However, adequate infrastructure is needed so that talents are genuinely educated and placed in positions in accordance with their performance and competence.

The results also show that leadership patterns play an important role in the succession program. Good leaders will become agents of change for the organization. The role of a leader in the organization's success is reflected in the leadership style that is applied to influence his followers. The leadership style in question is a leadership style that is in accordance with its followers' needs to make followers act together to achieve the goals of an organization (Daswati, 2012).

4   Conclusion

From the research above, it can be concluded that leadership skills can mediate the influence of talent management on succession planning. The indirect effect is better than the direct effect. This research can be a suggestion for plantation company, that before they arrange a talent management program, the company needs to prepare the leadership skill for the talent better; thus, they are ready to fill the critical vacant position.

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