Role of Talent Management on Employees Retention in Kenya: A Survey of State Corporations in Kenya: Empirical Review

Alice Waithiegeni Kibui[1], Hazel Gachunga[2], G. S. Namusonge[3]

[1, 2, 3]Department of Entrepreneurship and Procurement, Jomo Kenyatta University of Agriculture and Technology, P.o Box 62000-00200 Nairobi, Kenya

Abstract: *Talent management has been recognized by many authors as an important human recourse practice in the retention of employees. Retaining talented employees has become one of the major priorities of organizations and the key differentiator for human capital management. In today's rapidly moving dynamic, uncertain and highly competitive global markets, firms worldwide are facing major decisions and challenges in the global talent management. Companies are discovering that, not only is it becoming increasingly difficult to recruit top talent, but that they are running the constant risk of losing the ones they have to competitors. Consequently talent management is now viewed as a tool to strengthen organizational capability through individual development, performance enhancement, careerdevelopment and succession planning. In Kenya, many organizations have not yet embraced the concept of talent management and thus face critical challenges in recruitment and retaining of talented staff. Talent management is crucial because expertise is a 'must ' for proficient performance .In Kenya, the talent management domain is not given much emphasis within the public sector and this has lowered the level of employees' retention by 30% in over 60% of state corporations. This study aims to review literature related to the effects talent management in the retention of employees in state corporations in Kenya with the aim of establishing gaps for further research.*

Keywords: Talent, Talent management, employee retention, state corporations in Kenya. In Kenya

1. Introduction

Retention of employees is becoming a real challenge in today's competitive business environment as employers begin to realize the value of people that make up the organization. According to a report by ROK (2010) on strategic planning and economic survey, the public sector in Kenya was experiencing difficulties in recruitment and retention of employees especially where competing with private firms for skilled and talented employees (Njoroge, 2012).Society has become knowledge based where clearly human capital is considered a key resource and indispensable to the survival of the organization. Increasingly, organizations are competing for the best talent employees (Porter, 2001).Talent itself has become more mobile and organizations therefore have to coordinate how they manage and retain it as there is a significant economic impact when an organization losses any of its critical employees especially given the knowledge that is lost with an employee's departure.

The formation of the state corporations was driven by a national desire to accelerate socio-economic development, need to redress regional imbalance, citizen's participation in economy and promoting entrepreneurship. For state – corporations in Kenya to play this role, it is important that they are governed and managed effectively, efficiently and sustainably (Wario, 2012). The increasing customer expectations, corporate obligations and responsibilities necessitate a continuous review of the services being offered by the state corporations to meet changing user needs. This calls for the development of talent management programs in order to help in recruitment and retention of talented staff that could play a significant role in improvement of the quality of public service delivery process. State corporations in Kenya, due to their weak governance structures, are vulnerable to loss through valuable people moving (Wario, 2012).

1.1 Background of the Study

Retaining talented employees has become one of the major priorities of organizations and the key differentiator for human capital management (Glen, 2006). In today's rapidly moving dynamic, uncertain and highly competitive global markets, firms worldwide are facing major decisions and challenges in the global talent management (Schuler et al., 2011; Scullion et al., 2010; Tarique &Schuler, 2010). Over the past few years ,organizations have developed a keen interest in the field of talent management with surveys showing that at least 75% of CEOs acknowledging that talent management is on top of their agendas (CIPD,2007;Veredus,2006). People ,intellectual capital and talent are ever more critical to organizational strategic success (Frank & Taylor, 2002). For many organizations, the ability to hold on to highly talented core employees is crucial for future survival . Consequently talent management is now viewed as a tool to strengthen organizational capability through individual development, performance enhancement ,career development and succession planning (Iles,2007).

Talent management refers to human capital systems that leverage talent to achieve the greatest return from individual and collective employee capabilities (Macey, Schneider, Barbera, and Young, 2009).). Talent management is the systematic attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organization, either in view of their 'high potential' for the future or because they are fulfilling business/operation-critical roles (CIPD,2013).

In Kenya, each state corporation has its own organizational structure with a matching headcount budget to support the business.Under these guidelines, the management is empowered to determine both structure and pay levels and ensure that the structure is manned with staff with relevent skills and experience (Njoroge 2012).The management have the mandate to ensure proper talent aquisition and subsequent management of talent.However, it is clearly known that state corporations have been unable to manage talent due to a number if issues which are uniquely experienced in the sector (Njiru, 2008).According to Njiru (2008), lack of adequate human resources has hampered effective and efficient service delivery in state corporations.

State corporations as is the case in most African countries have been faced with a myriad of challenges. There are a number of problem indicators which include absenteeism from work, corruption, lateness, low quality of work output and high turnover of professional staff (Chepkilot, 2005).The increasing customer expectations, corporate obligations and responsibilities necessitate a continuous review of the services being offered by the state corporations to meet changing user needs. This calls for the development of talent management programs in order to help in recruitment and retention of talented staff that could play a significant role in improvement of the quality of public service delivery process. State corporations in Kenya, due to their weak governance structures, are vulnerable to loss through valuable people moving (Wario, 2012).

In Kenya, the talent management domain is not given much emphasis within the public sector and this has lowered the level of employees' retention by 30% in over 60% of state corporations. Over 38% of employees leave public sector annually to join the private sector or to take up self-employment hence making state corporations to lose most of the talented employees. Poor talent management practices within state corporations leads to high staff turnover rates which in turn impacts on State Corporation's ability to deliver adequate services to the public. According to PWC (2010), Kenya State Corporations are losing 40% of their workforce due to talent management problems hence leading to low level of employees' retention in most corporations. Currently President Kenyatta has appointed a taskforce to look into the governance of state corporations. One of the recommendations of the taskforce is to scrap 24 of these corporations to abolish overlapping roles and do away with firms handling obsolete functions. These have not addressed the most important factor; human capital.

2. Theoretical Review

Various theories address talent management and have been advanced by a number of authors as basis of retention strategies in organizations. The current study has used ; Resource based view, Social exchange theory, Equity theory , social cognitive career theory, Hertzberg two factor theory and talent DNA model , all of which are all relevant to the study.

2.1 Resource Based View

The resource based view (RBV) posits that human and organizational resources more than physical, technical or financial resources can provide a firm with sustained competitive advantage because they are particularly difficult to emulate.How a firm's system among it's other attributes ,enable it to achieve competitive advantage is the central idea of resource based view.The RBV argues that firms possess resources , a subset of which enable them to achieve competitive advantage and a subset of those that lead to superior performance .To generate competitive advantage ,the resource must be valuable,rare ,inimitable.The RBV points out that firms can sustain competitive advantage only by creating value in a way that is rare and difficult for competators to imitate .Human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific, promote complex social relationships and generate tacit organizational knowledge.Joo and Mclean,2006 state that engaged employees are strong assets for sustained competitive advantage and strategic asset.The theory is relevant to the current study as it addresses the effect of employee engagement and career development in employee retention.

2.2 Social Exchange Theory

The exchange theory views employment relationship as consisting of social or economic exchanges (Aryee, Budhwar and Chen, 2002: Cropanzano, Rupp and Bryne , 2003).Economic exchange relationships involve the exchange of economic benefits in return for employees' efforts and are often dependent on formal contracts which are legally enforceable. On the other hand, social exchanges are 'voluntary actions' which may be initiated by an organization's treatment of it's employees , with the expectation that the employees will be obligated to reciprocate the good deeds of the organization (Aryee et al., 2002; Gould and Davies , 2005). The exchange approach view of organizational commitment\ engagement posits that individuals attach themselves to their organizations in return for certain rewards from the organizations.According to this view, employees enter the organization with specific skills , desires and goals, and expect to find an environment where they can use their skills , satisfy their desires and achieve their goals.Perception of favourable exchange/ rewards from the employees' view point are expected to result in increased engagement to the organization.On the other hand ,failure by the organization to provide sufficient rewards in exchange for employees efforts, is likely to result in decreased organizational engagement. From this perspective, social –exchange theory suggests that employees respond to percieved favourable working conditions by behaving in ways that benefit the organization and /or other employees.Equally, employees retaliate against dissatisfying conditions by engaging in negative in negative work attitudes such as absenteeism , lateness of preparing to quit the organization (Haar, 2006; Crede et al., 2007).

The exchange theory has also been used to explain the employees attitudinal engagement to the organization.According to the exchange perspective, employees exchange their identification ,loyalty and attachment to the organization, in return for incentives from the organization.This implies that an individual's decision to become and remain a member of an organization , is determined by their perception of the fairness of the balance of organizational inducements and the employee contribution. Meyer and Smith (2000) argue that unless employees believe they have been treated fairly, they will not be committed to the organization.

2.3 Social Cognitive Career Theory

The social cognitive career theory was conceptualized as a derivative of Bandura's general social cognitive theory in which the intersection of intrinsic and extrinsic factors influences psychosocial learning. This theory has been termed as the most promising career theory that may prove satisfactory in retention and career development. Lent and Brown (2006) expanded the scope of social cognitive career theory, offering a new and related social –cognitive model designed to explain the ways in which previously identified inputs such as self-efficacy and outcome expectations, along with person and contextual variables are related to job satisfaction. The authors cited recent research (Heller, Watson &Llies, 2004), that linked job satisfaction to overall subjective well-being, thus providing a rationale for the use of the theory in the current research. The primary focus is on the central elements of social cognitive namely: self-efficacy and outcome expectations. Self-efficacy can be defined as an individual's sense of control and responsibility for his/her personal environment. It is also defined as the beliefs in ones capability to organize and execute the courses of action required to produce given attainments. Self-efficacy is concerned with the belief in the ability to exercise control over ones actions and events that affect their lives .Beliefs impact life choices, motivation, quality of actions and the ability to overcome adversity. The sources of self-efficacy are derived from three sources: mastery experience, vicarious experience and social persuasion. Vicarious experience is observing the model of someone similar managing a task successfully and drawing experience. Outcome expectations refer to the personal belief that successfully performing certain tasks may result in probable response outcomes.

Lent et al., (2006) expanded upon Bandura's work to focus exclusively on the development of the individual within the context of career. Managers who wish to retain talent can borrow heavily from this theory. Career behavior is driven by self-efficacy or believes in the ability to accomplish something worthwhile .The degree of achievement depends on two factors: outcome expectations or the idea that initiating a particular behavior will yield the desired results and goals. If a person feels confident of his/her abilities', he/she is more likely to take specific actions to reach them. This is especially so for the young generation of employees popularly known as the millennial. They have grown up with an abundance of role models from parents and other mentors and still expect the same at work. This theory

associated individual failure to insufficient skill and knowledge which are deemed as acquirable. It is therefore imperative to provide customized training and development opportunities to the employees. This theory is relevant to the current study in that career behavior is driven by self-efficacy or belief in the ability to accomplish something worthwhile. The degree of achievement depends on two factors; outcome expectations or the idea that initiating a particular behavior will yield to desired results .Goals are key because if a person feels confident of his/her abilities ,he's more likely to take specific actions to reach them. If employees feel supported and their goals and career advancement looked into, their intention to stay will be higher.

2.4 Herzberg's Motivation-Hygiene Theory

According to Herzberg, the hygiene factors are those if fulfilled remove dissatisfaction; these are basic needs, working conditions and motivators. If these remain unsatisfied, they bring demotivation to work; employees tend to lose interest in work and attempt to find other employment opportunities (Breaugh, et al, .2000). Herzberg concluded that factors which seemed to make an individual feel satisfied with their jobs were associated with the content of the job these were labeled motivators, yet factors that seemed to make individuals feel dissatisfied were associated with the job context; these he labeled hygiene factors. Herzberg argued that two entirely separate dimensions contribute to employee behavior at work. Hygiene factors and motivator hygiene factors refer to the presence or absence of job dissatisfies. When hygiene factors are valued, work is dissatisfying. These are considered maintenance factors that are necessary to avoid dissatisfaction but they do not themselves contribute to the jobs satisfaction and motivation of personnel. That is, they only maintain employees in the job. Therefore managers should provide hygiene factors to reduce sources of worker dissatisfaction and be sure to include motivators because they are the factors that can motivate workers and lead ultimately to job satisfaction, In line with Herzberg's view, unsafe working conditions or a noisy work environment would cause employees to be dissatisfied with their job but their removal will not lead to a high level of motivation and satisfaction other examples of hygiene factors include, salary, status, security, supervision and company policy. On the other hand motivators, leading to job satisfaction are associated with the nature of the work if self. They are those job related practices such as assignment of challenging jobs, achievement, work itself, recognition, and responsibility advancement and opportunities for growth in the job. Herzberg argued that when motivators are absent, workers are neutral towards work, but when motivators are present, workers are highly motivated to excel at their work. For Sergiovanni cited in Cheptoek (2002) while studying factors which affect job satisfaction, and dissatisfaction of employees, came up with the view that the factors, which contribute to their satisfaction are, achievement, recognition and responsibility while those contributing to dissatisfaction were organizational policy and administration, interpersonal relationship, supervision and personal life. These would also apply to the state corporations.

2.5 Talent DNA Model

Knowledge infusion (Shravanthi and Sumanth (2008), proposed a talent management model that seeks to create a roadmap to realize the organizational objectives.The model is based on the concept of 'DNA' that has three components:identification of key roles,identification of competencies required for key roles and creation of a database of competencies.Talent DNA is the building block that serves as alink among various HR processes such as career planning and performance management.Talent management is a continuous process that plans talent needs, attracts the very best talent, speeds time to productivity, retains the highest performers, and enables talent mobility across the organization. In order to successfully balance the notion of talent supply with business demand, there must be a match between capabilities and needs (Shravanthi and Sumanth, 2008). Talent management focuses on enhancing the potential of people by developing capacities. Capacities are the basic DNA of an organization and also of individual potential. The point of departure for the DNA model is to translate the organization's vision into goals and mapping the competencies to achieve to achieve goals .Organizations have to assess talent to profile the level of capabilities. They must invest on individual growth to meet and accept varied ,increamental and tranformational roles in an overal scenario of acknowledged need for change.

Talent planning is designed to use an organizations existing capacities and potential to meet the current and future business needs. The Talent DNA Model is relevant to the current study as it emphasizes that skills and capabilities required throughout the organization must be identified, skills and capabilities must be able to relate to job position and organizations must be able to hire the right people.State corporations in Kenya are no exception. With these three components in place, organizations can apply the talent DNA Model to recruit and retain talented employees (Shravanthi and Sumanth, 2008). This theory guided the development of the conceptual framework because talent DNA is the building block of talent management that serves as a link among various HR processes such as career development ,performance management and competency mapping which form the majority of independent variables in the conceptual framework.Meeting the organizations supply and demand for staff requires a 'Talent DNA'.By implementing an effective talent management system,organizations can ensure that the right people are in the right place at the right time as well as the organization's readiness for the future.

3. Review of Effects of Talent Management on Employee Retention in Kenya

Talent management has become pivotal to the survival of the profit competitive business environment today. Gupta (2006), indicate that in the era where global business is key, every employer has to be ready for meeting the future business demands, which can be efficiently handled through talent management. Employee retention increases the likelihood that employees will think long-term and avoid short-sighted decisions (Harlow, et al, 2006; Njuguna,

2009). As organizations continue to pursue high performance and improved results through talent management, they are taking a holistic approach to talent management. Some of the factors in this approach are reviewed below.

3.1 Competency Mapping

Among the wide range of organizational processes related to retaining high performing employees, corporate competencies have become a focal point , helping successful organizations understand where to focus resources such as incentives ,coaching and training programs.By clearly defining the right competencies, organizations can make sure they are recruiting and managing talented people in the most strategic way, putting the right people in the right jobs with the abilities to perform at their maximum potential every day. Modern societies are characterized by rapid technological changes and an exponential increase in availability and accessible knowledge (Birenbaum, 2003). With liberalization and globalization of economic activities,the need to develop skilled human resources of a high caliber is imperative. Employees are not only expected to possess relevant domain-specific knowledge, but also to use this knowledge to solve increasingly complex problems as well as acquire new knowledge. In knowledge and service based sector,the quality of skills and talent is almost the only point of reverage that a firm has to create competitive advantage. Competencies combine knowledge and skill ;they represent both the underlying knowledge base and the set skills required to perform useful actions.The purpose of talent management is to ensure that a firm has the right talent with the right skills at the right time.Organizatios need to learn to manage tommorow's opportunities as they manage today's businesses,therefore building core competencies becomes essential to competitive advantage building.While employees need to understand how to be effective in their current roles,deliver specific business challenges and pull together a personal development plan for shaping future careers ,organizations too have to strategize how best to utilize the people's talents and identify areas for internal development necessary for ensuring future success.

(Farah 2009) has discussed about the performance of companies and concludes that performance depends mostly on the quality of their human resource. For obvious economic and business reasons, organizations have always been concerned about the competence of its people.There is a large diversity in the understanding of the term 'competency' and as a result ,consensus on the definition of the term does not exist (Bartrem & Kurz,2001, Cheng,Daily & Moore ,2003).

For this study, competencies will be looked at an underlying characteristic of an individual that is related to effective performance in a job.This is especially significant in this recessionary environment where human capital is one of the most important assets of an organization and needs to be nurtured .Competencies will also be looked at as the sets of behaviour patterns that individuals managers need to bring into a position to in order to attract ,select ,engage ,develop

and retain talented employees in order to reach specific desirable business objectives of the organization.A competency is capability of applying or using knowledge ,skills ,abilities ,behaviours and personal characteristics to successfully perform critical work tasks,specific functions or operate in a given role or position. Talent itself has little meaning unless it is woven into the weft and warp of corporate strategy.Of major importance are the competencies required to meet the future challenges of the organization .It is essential that these are identified and form the basis of appointments ,personal career development and are closely related to the key result areas required by people in different roles in the organization.

Competency mapping is becoming an important HR tool today.Competency mapping is a process which identifies an individuals strengths and weaknesses in order to help them to better recognize themselves. The process of determining competencies required for a job is referred to as competency profiling ,and the process of comparing jobholders competencies against the targeted competencies is called competency mapping. Competency mapping is a process of identifying key competencies for for an organization and/or a job and incorporating those competencies throughout the various processes (i.e. job evaluation, training, recruitment) of the organization (Kesdee, 2013). Competency Mapping is also a process through which one assesses and determines one's strengths as an individual worker and in some cases, as part of an organization. The individual's level of competency in each skill is measured against a performance standard established by the organization.In competency mapping,gaps are identified between requirements and capabilities, employees expectations are defined in a way that is measurable ,objective and defensible and behaviour targets are set to encourage empolyees to go above and beyond expectations.Competency mapping is required to reinforce corporate strategy, culture, and vision. Competency Mapping establishes expectations for performance excellence, resulting in a systematic approach to professional development, improved job satisfaction, and better employee retention. It increases the effectiveness of training and professional development programs by linking them to the success criteria.

Competencies required for a particular job depends on many factors some of which include; social culture, nature of the business, business environment, organizational culture, work environment, organizational structure, duties and responsibility, nature of processes and assigned activities, attitude and motive of colleagues, superior and subordinates. Some of these factors may change with time and thus changing competency requirements for the same job position in the organization. Unlike other resources, human being is the only asset that can appreciate with useful inputs. Competencies can provide the logic for designing an organization that will enable human resources to continually add value to its firm. The competency mapping is required to reinforce corporate strategy, culture, and vision. Competency Mapping establishes expectations for performance excellence, resulting in a systematic approach to professional development, improved job satisfaction, and better employee retention. It increases the effectiveness of

training and professional development programs by linking them to the success criteria (i.e., behavioral standards of excellence). It provides a common framework and language for discussing how to implement and communicate key strategies. It provides a common understanding of the scope and requirements of a specific role and common, organization-wide standards for career levels that enable employees to move across business boundaries. Competency Mapping also identifies performance criteria to improve the accuracy and ease of the hiring and selection process. It provides a clear foundation for dialogue to occur between the manager and employee about performance, development, and career-related issues. Competency Mapping identifies the success criteria (i.e., behavioral standards of performance excellence) required to be successful in their role. It supports a more specific and objective assessment of their strengths and specify targeted areas for professional development.

Core competencies are essential to competitive advantage building because advantages emanating from the product – price-performance-tradeoffs are almost short term. According to Verma (2007), competencies create an environment that fosters empowerment, accountability and performance evaluation which is consistent and equitable. Competencies need constant updating because professional development is an ongoing process and employers expect more and broader competencies from their employees.In Kenya, competency mapping remains an unexplored process.

3.2 Employee Engagement

Employee engagement has been cited by a number of researchers as a having an effect in the relationship between it's antecedents ,job satisfaction, and intention to leave or stay in an organization.(Saks (2006), argues that the extent to which an increase in the motivating potential of a job is likely to correlate with a decrease in intents to quite would be determined by the extent which engagement is experienced by the employee.Organizations with higher engagement levels tend to have lower employee turnover,higher productivity, higher total stakeholder returns and better financial performance (Baumruk, 2006).

Employee engagement within an organization provide a competitive advantage as explained by the resourse based view (RBV) of the firm (Joo and Mclean, 2006) and hence there is need to continously engage employees.The RBV points out that firms can develop sustained competitive advantage only by creating value in a way that is rare and difficult for competators to imitate (Barney,1991, Foss ,1997).This approach requires that a firm be seen not through its activities in product market , but as a unique bundle of resources that are complex ,intangible and dynamic (Joo and Mclean,2006).Joo and Mclean further state that engaged employees are strong organizational assets for sustained competitive advantage and a strategic asset.These engaged employees are difficult to imitate and are unique to an organization thus leading credence to the resourse based perspective of the firm. Employee engagement is key to talent management which various

researchers have recommended as an area of rigorous research (Cartwright and Holmes ,2006; Bennet and Bell ,2004). Employee engagement as an aspect of talent management has become a focal point of employee retention programs in the light of the weak economy and limited opportunities for compensation and career growth . Increasingly, engagement , which has been identified as a distinct construct worthy of attention by both academics and practitioners,refers to an individual employee's emotional,cognitive and behavioural state directed toward designed organizational outcomes (Shuck,2011; Wolland, 2010).A well fuctioning organization is the product of it's heathy ,committed and motivated employees.Engagement takes place when employees are committed to their job.It involves loyalty ,faith and pride in an organization, a willingness to advocate for his/her organization as a personal responsibility. Employee engagement has been defined as emotional and intellectual commitment to the organization (Baumruk 2004, Richman ,2006) or the amount of discretionaty effort exibited by employees in their job (Frank et al,. 2004).Staff engagement tends to lead to staff performance ,reduces turnover and improves the well being of employees.(Wright and Cropanzano, 2000; Taris et al.,2003;Grffith,2004;Robinson et al,.2004).Organizations that manage to create involving and creative environment will definitely attain low employee turnover(Frank et al.,2004).Vren's (2007) asserts that creating an atmosphere that encourages participation from employees quarantees high levels of commitment ,loyalty and dedication from employees to the firm.Employee engagement is critical to any organization that seeks to retain valued employees, state corporations in Kenya not being an exception. It is the key driver of organizational effectiveness as employees need to have a sense of belonging and share in the organization's vision and find their roles in the organization(Kennedy and Dain ,2010).

Employee engagement is a popular term both in industry and academia. However, one of the most glaring issues concerning the concept of employee engagement is that there is no clear definition as the ones given by scholars and practitioners varry. Macey (2008) defines employee engagement engagement as a desirable condition which has an organizational purpose and connotes involvement , commitment ,passion , focused effort and energy so it has both attitudinal and behavioural component.Moreover, Wellin and concelman (2005, Macey 2010) state that employee engagement is the illusive force that motivates employees to higher (or lower) levels of performance. Employee engagement is the level of commitment and involvement an employee has towards the organization . Engagement has been defined as the harnessing of organization member selves to their roles; it means to be psychologically present when ocupying and performing an organizational role. Employee engagement is the extent to which workforce commitment ,both emotional andintellectual ,exists relative to accomplishing the work,mission and vision of theorganization.Critical skills have resulted in problems of attracting ,retaining and utilizing talent in most organizations globally. Engagement is a state where an individual is not only intellectually committed but also has a great emotional attachment with his/her job that goes beyond the call of duty ,so as to further the interest of the organization.Thus,the employee engagement assumes a significance as a way of managing people in organizations because engaged employees are believed to deliver high quality committed service.Organizations are shifting their focus toward employee engagement because it has recieved research attention as a key determinant of performance(Macey,Schneider,Barbera &Young,2009).

Fair evaluation of an employees performance is an important criterion for determining the level of employee engagement and motivate them to stay.According to Holbeche and Springett (2003), people's perceptions of 'meaning' with regard to the workplace are clearly linked to thier levels of engagement and ultimately their performance.They argue that unless organizations try to provide a sense of meaning ,employers are likely to quit.

Saks(2006) argues that one of the ways that individuals repay their organizations is through their level of engagement.In other words ,the employees will choose to engage themselves in varying degrees and in response to the resources they recieve from their organization.

3.3 Performance Management

Managing talent is key at all levels of performance management because without focus on performance it is hard to see how an organization can find competitive advantage through talent (Njoroge,2012). A study done by Hausknecht et al,. 2009, states that a properry functioning performance management system can address the chalenge of retaining talent.According to Mahapatro (2010) , increasingly emphasis on talent management also means that organizations are re-defining performance management to align it to the need ,to identify ,nurture and retain talent .According HCI (2008), achieving sustained organizational performance through the development of a capable workforce lies in the very heart of talent management.Performance management provides a means of building relationships with people ,identify talent and potential ,planning learning and development activities and making the most of the talent possessed by the organization.Performance management is a means of increasing the engagement and motivation of people by producing positive feedback and recognition (Armstrong, 2006). Lawler and Mcermott (2003) ,suggest that it is very difficult to manage human capital without a system that measures performance and performance capability.Organizations need a performance management system that can identify capabilities of it's human capital so that they can effectively staff projects, implement strategic initiatives and manage development of their workforce.Measures of performance are also required to deal with performance problems and motivate performance excellence .Effective performance is the building block of an organization's human capital management system. The system is used in decisions regarding performance based pay, employee develop,ment (by giving feedback on the stengths and weeknesses) and training and development efforts.Performance management is a process for ensuring

employees focus on their work in ways that contribute to achieving the organization's mission , which is indispensable for the organization. Fletcher, (2001), defined performance management as an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee understand and recognize their part in contributing to enhance the performance of both the individual and the organization.A performance management system benefits the organization by ensuring that the day to day activities of employees are aligned with ,and promote the organization's goals.The employee benefits by having regular feedback on performance and being provided with development opportuinties to omprove their performance.Authors such as Glendinning (2000), Neary (2002), Buchner (2007) and Helm et al,. (2007) have noted that performance management systems is crucial to organizational performance as it facilitates the organization achieving it's vision and business objective ,aligns the employee performance goals with the organization's strategic goals ,ensures the individual has clarity regarding performance expectations ,and is a prerequisite to developing a performance culture within the organization .Performance is the process of creating a work environment to the best of one's abilities.Performance management is a whole –work system that begins when a job is defined as needed .A performance system incudes selection,job description,setting performance standards ,providing effective orientation, education , training with on-going coaching and feedback.

According to Mathias and Jackson,(2006),performance management involves a process of identifying ,measuring and communicating ,developing and rewarding employee performance.The purpose of this review is to nurture the talent of employees so that they can reach their full potential in their job.The results of this evaluation is then used to build the weak areas of an employee through identifying the right training an employee needs .Performance management systems can be used to identify employees of high potential ,formulate personal development plans ,connect ratings with succession planning system or talent pool (Byham,2001). In this manner,the development needs of high potential employees can be accurately assesed in order to maximize the effectiveness of development actions (Bucking and Vosburg,2001). A more recent definition of performance incudes a 'systematic process for improving organizational performance of individuals and teams (Armstrong ,2006).The current study will adopt this later definition by Armstrong. Over the years research recognised the significant of context of performance. For example Blumberg and Pringle posited that performance is a function of capacity (ability, health, intelligence, education ect.), willingness (motivation, job satisfaction, status ect.) and opportunity to perform (tools, equipment, working conditions, co-worker and leader behaviour). Performance management is an ongoing, continuous process of communicating and clarifying job responsibilities, priorities and performance expectations in order to ensure mutual understanding between supervisor and employee (Jyotsna, 2007). It is a philosophy which values and encourages employee development through a style of management which provides frequent feedback and fosters teamwork. It

emphasizes communication and focuses on adding value to the organization by promoting improved job performance and encouraging skill development. Performance Management involves clarifying the job duties, defining performance standards, and documenting, evaluating and discussing performance with each employee (Burbach and Royle, 2010). Application effective performance management systems helps determination of the employees work capabilities and this assists in assigning of organization jobs tasks functions in accordance to the employees unique capabilities. This increases the level of employees job task functions and contributes greatly to increased level of employees' retention in the organization.Performance review is at the core of talent management as it provides insight for reward system,succession plans and staff development .It helps to evaluate competencies of the workforce and provides feedback to employees which is important to retention.

A study by Aguinis et al (2013), recommended that organizations use performance management systems to create and maintain individualized development plans(IDPs) for top performers. IDPs are agreed upon ,individually tailored courses of action to be taken by both the manager and the employee to improve performance.Individualized development plans are a valuable weapon in the struggle to retain top talent as they provide a structure via which employees recieve managerial mentorship ,ensuring that the objectives of personalized development plans are met.This improves retention of top talent by providing the learning and development opportunities that top performers seek (Allen et, al.,2010).

3.4 Employee Career Development

One of the key factors of the retention of skilled employees is the provision of training and development opportunities (Chitalu, 2011). Today's employees are more career conscious than ever. They are demanding more in terms of personal growth and development . Developing high potential individuals presents one of the means by which organizations can face its competitive pressures.The fact that high-potential employees are career-minded is important for organizations to create an employee value proposition that supports career development.According to many career authors, organizational career management supports the development of employee commitment (Sturges et al., 2002).When organizational career management practices meet employees pre-joining expectations (Sturges et al., 2000), this will enhance commitment , satisfaction and other positive outcomes.According to Lubitish & Smith (2007) , the shift away from a psychological contract that provided job security and a mutual employment relationship , towards one where individuals have to maintain their' employability' through managing their own development and career progression has undoubtedly shifted the balance of power towards talented professionals. Organizations that fail to allow employees to meet their individual needs will be losing valued employees .Career development is an approach of an organization ensuring that people with the qualifications and experience are available when needed

(Zheng A. Y., Kleiner B. H, 2001). Using career development approach employers can coach the employee in his individual career planning, and by realizing the plans of employees can plan the allocation of human resources. Thus, the career development is perceived like joint effort between the individual employee and the organization.Vos & Megarck (2009), indicated that career development plan for employees play a vital role in the retention of employees .Providing career development opportunities restrict employees from leaving the organization and increases loyalty.

The world of work has also udergone changes in both the nature of work and the emergence of new forms of work, which result from innovation,the development of new knowledge ,increased competition and other factors (Brown,et al,. 2003; Sennett, 2006).Social developments such as continuing globalization ,technological innovation and growing global competation place pressure on organizations to emphasize their need to maintain their competitive edge at least in part through maintaining their skills (Burke ,2006). This need makes it important for an organization to evolve through a continous learning and development. There is also a shift from commodity based economy to knowledge –based economy in which an increased proportion of organizational assets are intangible.Although salary and benefits play a role in recruiting and retaining employees,people are also looking for opportunities to learn ,the challenge of new responsibilitie and the prospect of personal and professional growth (Wagner, 2000).Satisfying these intrinsic needs helps build trust ,morale,loyalty and overall satisfaction in employees, (Nunn, 2000). There has been a shift from job security and lifelong employability to lifelong learning and talent management.(Brown et al., 2003; Sennet, 2006). It is therefore important to give employees oportunities to develop and learn (Arnold 2005,Bernsen et el ,2009; Herman ,2005) such that employees maintain their capabilities as effective employees,resist redundancy are retained by their organization. Garrow and Hirsh (2008) define the term talent management as encompassing career development by the organization's HR taking up the responsibility of developing human capital.Research shows that opportunities for training and development has a significant (percieved) ability to retain talented people and in line with the pschological contract ,high performers often percieve development as a benefit which they are entittled.When employees percieve a constructive and individual return from the training they recieve,their organization usually gains in form of increased commitment ,employee satisfaction and retention.The primary goals of many employee development programs is to communicate the vision of the organization, help workers understand the corporate values and culture, and show employees at every level how they can help the company succeed . They exist in order to support business's strategic goals by providing learning opportunities and engraining the organizational culture. Although the need for technical training in a specific position will never disappear, understanding an organization's culture and fitting into it are becoming increasingly important for employee success. Two factors that are crucial to the success of employee development

programs are keeping them current and putting learning in the hands of employees. For many workers, an opportunity for continuous learning weighs heavily in their decision to accept or remain in a position .As a result; employees are increasingly emphasizing career development activities. The psychological contract in which employees were almost guaranteed long term loyalty and commitment to the organization in return for giving employees job security, opportunities for promotion and training are not there (Feldman, 2001).People have realized they are reaching plateaus in their careers and opportunities for advancement do not exist.

Career development is the series of activities or the on-going/lifelong process of developing one's career. It usually refers to managing one's career in an intra-organizational or inter-organizational scenario. It involves training on new skills, moving to higher job responsibilities, making a career change within the same organization, moving to a different organization . (Tatham,2013). The talented people are very ambitious and they expect a high development of their career and they demand the help of the organization to achieve that development. Hence, they will stay in the firm only if the employer gives them every opportunity to develop their potential. So the retention is about motivation, commitment, career investment, career project and also rewarding, which does not mean only money (Davis et al, 2007).Organizations with high levels of engagement provide employees with the opportunities to develop thier abilities ,learn new skills ,aquire new knowledge and realize their potential.Learning and development programmes are essential components in the process of talent management ,ensuring that people acquire and enhance skills and competencies they need.(Armstrong,2005).Unlike in the past when employees had clearly defined career paths and jobs-for – life, the trend emphasises employability, self development and individual responsibility for career development (Sturgel et. al., 2000) .Building employees' capacity therefore ,drives our attention to the importance of providing effective proffessional development for employees (Wei et al,. 2005).For employees ,an opportunity for continous learning weighs heavily in their decision to remain in the profession.Employees with good career opportunities in their organizations are more likely to feel an obligation to their employing organization and develop a strong emotional attachment to the organization(Meyer and Smith ,2000).

3.5 Employee Retention

The word retention connotes a state where by employees of their own free will decide to work and stay with their organizations. Retention is a voluntary move by an organization to create an environment which engages employees for long term. According to Chaminade (2007:1) this attachment relationship should be durable and constant and link the employee to the organization by common values and by the way in which the organization respond to the needs of the employees. The main purpose of retention is to prevent the loss of competent employees from the organization which could have an adverse effect on productivity and service delivery. The object of any

organization is not only to recruit personnel but also to maintain, develop and retain such manpower. Organizations ought to put in place effective manpower retention mechanisms to retain their staff. The retention plan should address each of the areas in which lack of commitment and dissatisfaction can arise these would include pay, jobs performance, training, career development, commitment, conflict with managers, lacking group cohesion, recruitment, selection promotion and over marketing.

3.6 Job Satisfaction as a Moderating Variable

Job satisfaction is one of the most heavily researched employee attitudes over the last 50 years (Rayton, 2006).Studies have that the consequences of organizational engagement and job satisfaction include absenteeism, tardiness and turnover (Lambert and Hogan, 2009).Employees with low engagement levels and who are dissatisfied with their jobs are expected to report high turnover rates. Previous studies indicate that employee satisfaction is considered to be a valuable factor on organizations especially in reducing turnover. Employees who have a high degree of satisfaction towards an organization tend to be more productive and loyal (Macey and Scneider,2008;Ekilden and Dahgaard,2000; Ericson,2005).In higher level of job satisfaction ,employees can show a higher form of commitment and loyalty which is usually as employee engagement Erickson,2005).This concept states that employees with high level of satisfaction will be motivated to be more engaged in every work process enthusiastically along with having a high level of commitment in their job considering job satisfaction has been raised in literature as one of the key areas fundamental to employee retention. (Gayland et al, 2005).Job satisfaction is vital not only for the employees but employers as it increases productivity and decreases employee turnover (Gathungu et el 2013). Job satisfaction is an important element in work situation and has been associated with improved performance as well as increased organizational commitment. One of the signs of deteriorating conditions in an organization is low job satisfaction .Job satisfaction is the favorableness or unfavorableness with which employees view their work. It signifies the amount of agreement between of the job and the rewards to the job provides. This means that increased level of responsibility may lead to satisfaction because of greater challenge and control.

Satisfied employees will also be more committed to improve continuously and improve quality Satisfaction in the job and employee retention has a strong relationship with work performance (Harter, Schmidt& Hayes 2002).
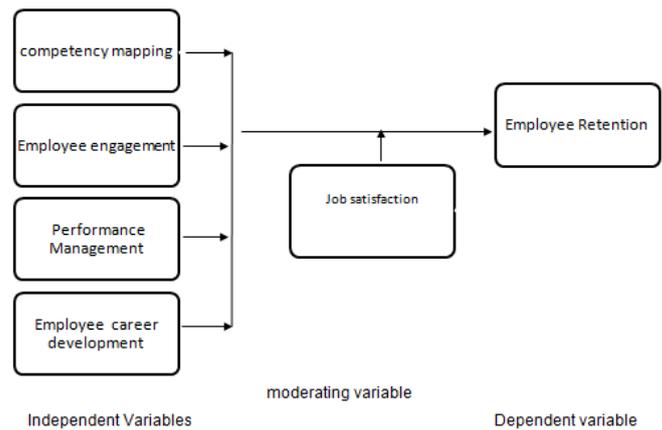
This is diagrammatically illustrated in Figure 1.

Figure 1: Conceptual Framework

4. Summary and Concluding Remarks

The success of any organization depends on the quality of its human resource. It is against this background that employees are very critical to the success or failure of any organization and state corporations in Kenya are not left out. To gain competitive advantage, the demand for human capital drives talent management which is gaining popularity as a significant predictor of employee and business performance as it enhances integration of new workers, developing and retaining existing workers. Talent management strategies focus on five primary areas: attracting, selecting, engaging, developing and retaining employees.

References

[1] AAPAM, (2008).Talent Management in Organizations. The African Association for PublicAdministration and Management. Conference Paper
[2] Aberdeen (2007).Talent management in North America firms. Aberdeen Group and HumanCapital Institute
[3] Armstrong, M. (2010).Handbook of Human Resource Management Practice. (11th ed.), London: Kogan Page Publishers
[4] Armstrong,M. (2008).Handbook of Human Resource Management Practice. (10th ed.). London: Kogan Page Publishers.
[5] Athanne,P. (2012). Talent Development. Journal of Management.Vol 22
[6] Berger, L, &Berger, D.A. (2004).The Talent Management Handbook: Creating Organizational Excellence by Identifying, Developing and Promoting Your Best People, New York, McGraw Hill
[7] Birt, R. (2007), "The changing nature of work and organizations: implications for humanresource management", Human Resource Management Review, Vol. 16 No.2, pp.86-94
[8] Bryan, L(2007). Managing People. Journal of Management. Vol 24
[9] Burbach, R. and Royle, T. (2010), "Talent on demand? Talent management in the German andIrish subsidiaries of a US multinational corporation", Personnel Review, Vol. 39 No.4, pp.414-31.

[10] Burke, R. and Ng, E. (2006), "The changing nature of work and organizations: implications for human resource management", Human Resource Management Review, Vol. 16 No. 2,pp. 86-94

[11] Capelli, P. (2008), Talent on Demand: Managing Talent in an Age of Uncertainty, Harvard Business Press, Boston, MA

[12] Carole Ta,C. (2011). Talent development challenges. Journal of management.Vol 44

[13] Charles,M. (2009). Employees' retention in state corporations.Journal of management.Vol 33

[14] Collings, D.G., Scullion, H. and Vaiman, V. (2011), "European perspectives on talent Management", European Journal of International Management, Vol. 5 No. 5, pp.453-62

[15] Chartered Institute of Proffessional Development, (2013). Talent Management Overview.www.cipd.co.uk/talent

[16] Chartered Institute of Proffessional Development, (2007).Talent Management challenges, www.cipd.co.uk/talent

[17] Collings, D.G. and Mellahi, K. (2009), "Strategic talent management: a review and research agenda", Human Resource Management Review, Vol. 19 No.4, pp.304-13

[18] Dan,H.(2012).Talent management challenges. Journal of management. Vol 44

[19] Daniel,P. (2010).Talent Development challenges. Journal of management. Vol 26

[20] Dessler G. (2011), Human Resource Management; 12th Edition. Pearson Education, Inc

[21] Deloitte (2005), Becoming a Magnet for Talent: Global Talent Pulse Survey Results, Canadian edition

[22] Echols, M.E. (2007), "Learning's role in talent management", Chief Learning Officer, Vol. 6, No.10, pp.36-40

[23] Elegbe, J.A. 2010. Talent management in the developing world. Farnham, Sur-rey, Great Britain: Ashgate Publishing Group

[24] Elzette, P.(2012) .The relationship between transformational leadership, employee engagement , job characteristics and intention to quit.Unpublished PhD Thesis.

[25] Emmanuel,N.(2010). Relationship between talent management and employees commitment, Journal of management.Vol 22

[26] Gara,M. (2007). Human capital management in Egyptian firms. Journal of management.Vol 22

[27] Gay, R. (2005). Some Exact Conditional Tests of Independence for rxc Cross Classification Tables, Psyconmetrik.Nuttingham: Open University Press, Government of Kenya, (2004). Public sector organizations in Kenya. Government Press

[28] Hellevig, J. (2012), Employee Engagement in Russia, a preview version: How to build a corporate culture of engagement, customer focus and innovation. Hel-sinki, Finland: Russia Advisory Group, Human Capital Institute (2008), The State of Talent Management: Today‟s Challenges, Tomorrow‟s Opportunities. Hewitt‟s Human Capital Consulting

[29] Hytter, A. (2007), "Retention strategies in France and Sweden", The Irish Journal of Management,Vol. 28 No.1, pp.59-79

[30] Iles, P., Chuai, X. and Preece, D. (2010), Talent Management and Human Resource in Multinational companies in Beijing: Definitions, Differences and Drivers. Journal of World Business. 45, (2), 179-189

[31] Iles,(2007).Employees recruitment, retention and engagement within hospitality organizations", International Journal of Management, Vol.37

[32] Immen, W. (2008), "Career horizon bright for 2008", Globe and Mail, Vol. January pp.C1

[33] Joo, B.K. and Mclean, G.N, (2006). 'Best employer studies: a conceptual model from a literature review and case study'Human Resource Development Review,vol 5

[34] Joppe,P. (2000).Research Methodology.(3rd Edition). Pearson Publishers.London.UK.

[35] Jyotsna ,B, (2007) "Talent management strategy of employee engagement in Indian ITES employees: key to retention", Employee Relations, Vol. 29 Iss: 6, pp.640 – 663

[36] Julia, C.(2008) "Talent management: A strategy for improving employee recruitment, retention and engagement within hospitality organizations", International Journal of Contemporary Hospitality Management, Vol. 20 Iss: 7, pp.743 – 757

[37] Kamoche,P. (2004). Employees' retention in organizations. Journal of management.Vol 23

[38] Kenya Institute of Management, (2012). Talent management programme.www.kim.ac.ke

[39] Kangethe,M.(2009). Human resource management challenges in State Corporation. Journal of management.Vol 38

[40] Kihinde, J. S. (2012). Talent Management: Effect on Organisational Performance, Journal of Management Research ISSN 194-899X 2012, Vol. 4, No. 2

[41] Kinyanjui,P, (2010).Staff turnover in organizations. Journal of management.Vol 33

[42] Kothari, C.R. (2003). Research Methodology Methods & techniques. First Edition, New Age International Publishers. New York.USA

[43] Kock, H.and Ellström, P. (2011), "Formal and integrated strategies for competence development in SMEs", Journal of European Industrial Training, Vol. 35 No.1, pp.71-88

[44] Lewis, R.E., Heckman, R.J. (2006), "Talent management: a critical review", Human Resource Management Review, Vol. 16 No.2, pp.139-54

[45] Lubitsch, G. and Smith, I (2007), Talent Management: A Strategic Imperative Ashridge Business School (http://www.ashridge.org.uk).

[46] Maingi,J, (2008).Talent development. Journal of human resource management.Vol 21

[47] Macey,M,.Schneider,P,.Barbera,W,. and Young.(2009). Talent Management Challenges, Journal of human resource.Vol 22

[48] Memon, S.B., Panhwar, A.I. &Rohra, L.C. (2010). Investigating the Mediating Role of Human Resource Policies in Employee Retention. Australian Journal of Basic and Applied Sciences, 4(8), 4046-4057

[49] McDonnell, A. (2010), "Developing tomorrow's leaders – evidence of global talent management in multinational enterprises", Journal of World Business, Vol. 45 No.2, pp.150-60

[50] Moses, B. (2000). Give people belief in the future: In these cynical times, HR must assure employees that faith and work can coexist. Workforce, 79 (6), 134-139

[51] Morton, L. (2007), Talent Management Value Imperatives: Strategies for Successful Execution, Conference Board, Research Report R-1360-05-RR

[52] Mugenda and Mugenda (2008). Research Methods. (3rd edition). Jomo Kenyatta Publishers.Nairobi.Kenya

[53] Muli,A.2010).Staff turnover rates in state corporations.Journal of management.Vol 22

[54] Mwathe, P, (2009).Employees' retention in organizations. Journal of management.Vol 48

[55] Mwaura, K (2007). 'The Failure of Corporate Governance in State Owned Enterprises and the Need for Restructured Governance in Fully and Partially Privatized Enterprises : The Case of Kenya' , Fordham International Law Journal , Vol 31 (01), Pp 34 - 75

[56] Natalie Govaerts, Eva Kyndt, FilipDochy, Herman Baert, (2011) "Influence of learning and working climate on the retention of talented employees", Journal of Workplace Learning, Vol. 23 Iss: 1, pp.35 – 55

[57] Ngatia,P. (2010). Employees' retention problems.Journal of management.Vol 22

[58] Ng'ethe JM,Iravo ME,Namusonge GS (2012). Determinants of Academic Staff Retention in Public Universities in Kenya:Empirical Review International Journal of Humanities and Social Science,2:205-212

[59] Njoroge,N.(2012). Talent management practices in commercial State Corporations in Kenya, Unpublished thesis, Nairobi University

[60] Njiru,K. (2008) Challenges facing human resource management practices in state corporations, Journal of management.Vol 22

[61] Ologbo, A. & Saudah, S. (2012), Individual Factors and Work Outcomes of Employee Engagement, Elsevier Ltd

[62] Odhong, E.A & Susan ,w (2013) Human capital management as a tool for value creation. 1st JKUAT – SHRD Research conference

[63] Ongori, H. (2008). A review of the Literature on Employee Turnover. African Journal of Business Management, 1(3), 1-54

[64] Ongori, H. &Agolla, J.E. (2009). Paradigm shift in managing career plateau in organization: The best strategy to minimize employee intention to quit

[65] African Journal of Business Management, 3(6), 268-271

[66] Orodho, C.R. (2003). Elements of Education and Social Science Research Methods, (2nd Edition). KanezjaPublishers.NewDelhi.India

[67] Peck, C.A.(2009), "Organizational learning and program renewal in teacher education: a socio-cultural theory of learning, innovation and change", Educational Research Review, Vol. 4 No.1, pp.16-25

[68] Pierce, C., &Waring, K. (2008). The Handbook of International Corporate Governance, London: Kogan Page Publishers

[69] PricewaterhouseCoopers (2008), Managing Tomorrow's People: Millennials at Work, Perspectives from a New Generation, PricewaterhouseCoopers, London

[70] Robinson, V. (2008), "The Impact of Leadership on Student Outcomes, Educational Administration Quarterly, Vol. 44 No.5, pp.635-74

[71] Sanhgvi.S (2007).The Handbook of Competency Mapping: Understanding, Designing and Implementing Competency Models in Organizations, 2 edition New Delhi, Sage Publications Pvt.Ltd

[72] Sekaran, U. (2003). Research Methods for Business. A Skill Building Approach, 4th edition.John Willy & Sons Inc New York.USA

[73] Schuler, R.S.(2011), "Global talent management and global talent challenges: strategic opportunities for IHRM", Journal of World Business, Vol. 46 pp.506-16

[74] Shravanthi and Sumanth, (2008).Talent DNA Model. Journal of Human resource management.Vol 22

[75] Shanthana M. (2013).Risk Management In HR and Its Roles. Department of management studies &research,Karpagam University,http://www.articlesbase.com/human-resources-articles/risk-management-in-hr-and-its-roles-1005182.html

[76] Silzer,P. and Dowell,R. (2010).Talent management decision making", Management Decision, Vol. 34

[77] Staffan Nilsson, Per-Erik Ellström, (2012) "Employability and talent management: challenges for HRD practices", European Journal of Training and Development, Vol. 36 Iss: 1, pp.26 – 45

[78] Steven,S.(2003).Malcolm BaldRidge Award Model. Journal of management.Vol 2

[79] Tarique, I., Schuler, R.S. (2010), "Global talent management: literature review, integrative framework, and suggestions for further research", Journal of World Business, Vol. 45 No.2, pp.122-33

[80] Tymon, W.G. (2010), "Exploring talent management in India: the neglected role of intrinsic rewards", Journal of World Business, Vol. 45 No.2

[81] Vaiman, V.. (2008), Smart Talent Management: Building Knowledge Assets for Competitive Advantage, Edward Elgar, Cheltenham

[82] Vlad ,V.Hugh. S & David, C.(2012) "Talent management decision making", Management Decision, Vol. 50 Iss: 5, pp.925 - 941

[83] Wafula,M.(2010) Effectiveness of strategic talent management practices in organizations, Journal of management.Vol 33

[84] Walker, J.W. (2007), "Zero defections?", Human Resource Planning, Vol. 24 No.1, pp.6-8

[85] Wangethi,M. (2009). Talent management challenges in organizations.Journal of management.Vol 16

[86] Weru,M (2009).Talent management problems. Journal of management.Vol 44

[87] Yin, R. (2009), Case Study Research: Design and Methods. (4th ed.).Sage Publications, Los Angeles, CA

[88] Zinbarg,M. (2005). Research Methods. (2nd Edition). Pearson Publishers. New Jersey,USA