

11. The Culture of Exit: When Emergent Signals Go Unheard

Case

DataFlux Technology is a software and analytics company known for its innovative products but also—unfortunately—for its persistently high employee turnover. Over the past year, DataFlux recorded a turnover rate of 21 percent, significantly higher than the 13 percent industry average. When the HR team analyzed exit survey data, one finding stood out: 55 percent of departing employees reported they were leaving for external promotions or more advanced career opportunities. Many praised the company’s collaborative culture and interesting technical challenges, yet they described feeling “stuck,” “uncertain about future growth,” or “ready to take the next step somewhere else.”

Behind the scenes, DataFlux had no formal leadership development program, succession planning process, or structured learning pathways. Supervisors varied widely in how they supported career growth—some informally mentored employees and sought opportunities for promotions, while others focused exclusively on meeting project deadlines. Several high-potential employees had expressed interest in advancing, but without clear internal opportunities, they began exploring external roles. Managers noticed a trend: Competitors viewed DataFlux as a reliable source of well-trained talent.

During the quarterly all-hands call, Marcus Ellery, the CEO, publicly addressed the turnover issue for the first time. He acknowledged the rising departures and directed the Karen Ashewood, VP of HR, to bring turnover below the industry average within the next two quarters. But his additional comments took many by surprise: *“We are thrilled that our employees are getting promotions outside DataFlux—this is a testament to their great skills! We have incredible talent in this company, and it’s wonderful that they have opportunities elsewhere. If you have an external opportunity, go for it!”*

Some employees interpreted the message as supportive and empowering. For them, Marcus sounded refreshingly empowering and supportive of their growth even if it took them beyond the company’s walls. They admired Marcus’ honesty and acknowledging that careers evolve. Few employees even commented privately that hearing the CEO’s support employees’ long-term aspirations—wherever they led—made the organization feel more human and less transactional.

Others heard something very different. The CEO sounded almost proud that employees were leaving—and seemed entirely uncommitted to keeping them. Employees wondered whether leadership truly valued their contributions, and Slack channels filled with rapid side conversations and quiet threads of frustration. A senior engineer typed, “So... promotions is not a thing? Good to know,” capturing an emerging sentiment that the company didn’t see career advancement as an internal responsibility. For mid-level managers, the CEO message was even more troubling. A project manager wrote privately to HR, “If leadership celebrates us leaving, why would anyone plan a long-term future here? How am I supposed to keep my high performers if the company’s stance is basically ‘Good luck out there?’” For many, the comments suggested not empowerment, but a lack of vision and a signal that DataFlux might be a launching pad rather than a place to build a career.

Although the CEO's remarks generated considerable chatter among employees, Karen Ashewood, VP of HR, did not perceive the turnover concerns as urgent. To her, the CEO's directive to reduce turnover below the industry average was simply another metric to monitor—one that could be addressed through modest tweaks to recruiting and retention incentives. She viewed the high percentage of employees leaving for external promotions as a positive indicator of DataFlux's strong employer brand. During the executive debrief the following week, she noted, "We can't stop people from taking great offers. Besides, turnover has always been part of our industry."

Theoretical Anchors of the Case

Signal Theory

According to signaling theory, a signal is an observable action or attribute chosen by a sender to convey credible information about otherwise unobservable intentions or qualities to a receiver, thereby reducing information asymmetry (Connelly et al., 2011). "Signals produced by humans are not neutral, but rather, they are intended to communicate a specific belief, ability, or intention" (Treem et al., 2023, p. 3). Because organizational actors often make decisions under conditions of uncertainty, signals become powerful cues for interpreting what is truly valued within the organization and shaping behaviors.

Viewed through this lens, the CEO's praise of employees who leave for external promotions was intended to signal the high caliber of DataFlux's talent, yet it was interpreted by many employees as evidence that advancement may be more rewarding outside the organization. This ambiguity blurs DataFlux's stance on retention and internal development. At the same time, competitors' active recruitment of DataFlux's well-trained staff sends reinforcing signals that the external labor market values these skills more than the organization itself. Together, these signals reshape employee expectations, making departure appear rational and positioning DataFlux less as a site for long-term development and more as a launchpad for external advancement.

Emergent Interaction Patterns

Organizational outcomes are shaped less by isolated individual actions and more by *collective patterns of interaction embedded in system structures*. This perspective is central to Weick's view of organizations as information-processing systems focused on interpretation, equivocality reduction, and sensemaking, rather than as mechanical or biological entities governed by rigid structures (Daft & Weick, 1984). From this view, organizations are continuously enacted through symbolically mediated interactions as members interpret experiences, negotiate meaning, provide direction, and reproduce organizational structures (Daft & Weick, 1984).

This lens aligns with *complexity theory*, which conceptualizes organizations as complex adaptive systems composed of many interacting agents whose local behaviors generate emergent global patterns—such as culture, innovation, or failure—that cannot be traced to any single actor (Dooley, 1997). Similarly, *systems thinking* emphasizes that recurring behavioral patterns arise from underlying system structures (e.g., policies, information flows, incentives), and that sustainable improvement requires redesigning those structures rather than reacting to isolated events. Systems thinking shifts attention from discrete incidents toward the underlying

relationships that shape outcomes, helping individuals organize complexity into coherent stories by examining it through diverse lenses (Beerel, 2009; Senge, 2006).

The DataFlux case illustrates these principles in practice: employees and leaders attach different meanings to the same leadership message—some experience the CEO’s comments as empowering, while others interpret them as abandonment, thus highlighting the central role of sensemaking in organizational change. Meanwhile, the VP of HR’s framing of turnover as a routine industry norm rather than a strategic risk demonstrates how managerial interpretation shapes whether emergent patterns are treated as signals for change or dismissed as normal variation.

Talent Management

Talent management is a strategically aligned practice concerned with “getting the right people with the right skills in the right job at the right time” to meet current and future business needs (Ruona, 2014, p. 440). As a core component of strategic HRM, talent management requires a systematic approach to workforce development and deployment. Treating a high turnover rate as routine signals low organizational readiness to recognize misalignment between talent management and organization strategy that must be aligned for either of them to be effective (Ruona, 2014). Key talent management interventions may include coaching and mentoring to support individual growth, leadership development to build a pipeline of future leaders, and career planning and development to help employees achieve career goals while enabling workforce continuity (Cummings & Worley, 2019).

In the DataFlux case, the absence of structured career and leadership development reflects a misaligned talent management system that is a barrier to sustaining change and retaining critical talent. Employees’ pursuit of external promotions aligns with research linking limited perceived career growth to higher turnover intentions, particularly in knowledge-intensive and high-tech contexts. Although employees value DataFlux’s collaborative culture, their departure for advancement opportunities illustrates that relational strengths alone cannot compensate for weak structural career pathways. Over time, the lack of development opportunities may also be experienced as a breach of the psychological contract, defined as “the beliefs that capture the perceived reciprocal obligations between employees and their employing organizations and develops based on perceived promises” (Walk, Stuart, & Kuenzi, 2024, p. 1437).

Learning Activity: Signals, Sensemaking, and the Talent System

Learning objectives

- Identify signals of emergent change in organizational systems.
- Explain how leadership messages and structural gaps shape self-organizing behavior.
- Distinguish between intended messages and emergent meaning.
- Propose adaptive solutions to the company’s turnover issue.
- Reflect on the role of non-authority actors in shaping change.

Time:

45-60 min

Materials:

- Printout of the case
- Whiteboard, virtual board, or flipcharts
- Markers

Directions

1. **Detecting signals:** Learners work in small groups of 3-5 and identify explicit or implicit signals (not problems or solutions) present in this case. They write signals on the white board. Examples include:
 - CEO language celebrating external promotions
 - Absence of career paths and succession planning
 - HR framing turnover as “normal”
 - Slack reactions and manager frustration
 - Competitors recruiting DataFlux talent
2. **Mapping patterns:** Groups cluster signals into emergent patterns by linking them and discuss what behaviors are produced if the pattern continues. Examples of patterns include:
 - DataFlux as a talent exporter
 - Professional growth happens only by leaving
 - Managers caught between delivery and development
 - Learning without advancement
3. **Role-based sense-making:** Each group is randomly assigned one role (e.g., the CEO, VP of HR, Mid-Level Manager, High-Potential Employee) and discusses the following:
 - What does this system *reward* me for doing?
 - What risks do I see—but feel unable to address?
 - What feels outside my control?
4. **Intervention design:** Groups design one small, low-risk intervention that creates a new signal in the system and can be done without formal authority. Groups discuss what behavior(s) can this intervention invite. Examples of interventions:
 - A pilot internal mobility conversation toolkit
 - A succession-planning “lite” template for managers
 - A talent review focused on future roles, not current performance
 - A storytelling forum highlighting internal growth paths (even if few)

Debrief

- What competing logics can we identify in the case?
- What patterns did you notice that may be influencing outcomes beyond any one person’s behavior?
- What surprised you about how meaning emerged in this case?
- Where did change already exist—without a formal initiative?
- How does this challenge traditional, top-down change models?

Facilitation Strategies

- Encourage learners to focus on emergent signals (how the meaning emerged) vs. stated intentions. Ask learners about what behaviors did specific messages invite or about what meaning did different groups construct and why.
- Encourage deeper sensemaking by asking what the system is currently rewarding or discouraging.
- Encourage learners to recognize how role incentives and constraints shape leaders' behavior.
- Encourage learners to consider the influence of middle managers as change agents and ask about small actions that could shift the system without waiting for permission?

Reflections/Pedagogy of Emergent Change

Meaning emerges through interaction, not intention: The case illustrates how leadership messages take on meaning through collective sensemaking rather than through stated intent. The CEO's comments were interpreted differently by employees, managers, and HR, demonstrating a core principle of emergent change: outcomes arise from interactions among actors, not from top-down design. The activity reinforces this by asking learners to identify how meaning emerged in Slack conversations and informal exchanges rather than focusing solely on executive intent.

Small signals accumulate into systemic patterns: Rather than a single dramatic failure, the turnover issue at DataFlux emerged from a series of small, seemingly benign signals such as ambiguous leadership language, lack of career pathways, HR inaction, and informal norms about advancement. The activity mirrors this dynamic by having participants surface weak signals and cluster them into patterns, helping learners experience how incremental actions coalesce into powerful system-level outcomes.

Change unfolds without formal change initiatives: No formal transformation program exists in the case; yet change is clearly underway. Employees self-organize around shared—albeit conflicting—logics and interpretations of the CEO's message, competitors respond by recruiting DataFlux talent, and project managers adapt their retention behaviors. This aligns with emergent change pedagogy, which emphasizes that systems evolve continuously—often without plans, roadmaps, or explicit change efforts. The activity encourages learners to analyze change as it is happening, not as it is formally announced.

Adaptive interventions matter more than grand solutions: Emergent change pedagogy privileges small, adaptive experiments over large-scale, linear solutions. The project managers' role in the case exemplifies this principle: influence occurs through persistence, data framing, and micro-interventions rather than authority. The activity operationalizes this by requiring participants to design low-risk interventions that introduce new signals into the system, reinforcing learning about adaptability, responsiveness, and system sensitivity.

Adapting the Case and Activity

Focus the case and activity on communication as a central lever in change efforts.

Communication helps reduce uncertainty, shape meaning, and influence sensemaking, especially in the early phases of change (Kieliszek, 2021). This case can focus explicitly on how

leadership messages function as signals and how meaning emerges through formal announcements, informal conversations, and silence. The activity can ask learners to analyze the CEO's message across different audiences (employees, managers, HR) and redesign it. Variations may include rewriting the all-hands message, mapping how messages travel through informal channels (e.g., Slack), or testing how small changes in wording could alter emergent interpretations and behaviors.

Talent management. The activity can be focused on diagnosing and designing *talent management architectures* that could better support DataFlux's strategy. Talent management architecture is the "combination of systems, processes, and practices developed and implemented by an organization to ensure that management of talent is carried out effectively" (Sparrow & Makram, 2015, p. 250). Learners may compare alternative architectures—such as high-performer systems emphasizing development and empowerment, leadership pipelines for succession planning, talent pools for execution efficiency, or differentiated talent segments (e.g., contractors for specialized capabilities)—and assess their fit with DataFlux's context and challenges (Lepak & Snell, 2002; Ruona, 2014; Sparrow & Makram, 2015).

Emergent change leadership and influence without authority. The case can be adapted to highlight the role of *mid-level managers* as change agents who must navigate competing signals from senior leadership and HR while trying to retain and develop their teams. The activity can focus on how managers interpret leadership messages, translate them into day-to-day practices, and influence employee sensemaking despite limited formal authority. Learners can explore the leverage points available to managers (e.g., career conversations, stretch assignments, internal advocacy, and informal mentoring) and examine how small, localized actions may either reinforce or disrupt emergent turnover patterns.

Alternative formats and modalities. The case and activity can be adapted into different instructional formats, such as a structured role play (with participants assuming the roles of CEO, VP of HR, Training Lead, managers, and employees), a simulation focused on turnover dynamics over time, or a virtual collaborative exercise using shared documents and chat channels to mirror real-world sensemaking. These formats allow learners to experience ambiguity, competing interpretations, and emergent outcomes rather than simply analyzing them retrospectively.