Leading with Context: Impacts from IAD Framework, Service Science and Service-Dominant Logic

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Abstract

This paper demonstrates that Leadership - and Human Resource Management literature is moving towards a Service Science perspective in which value creation unfolds out of action situations embedded in polycentric systems interconnected by value propositions (Ostrom 1990, Boxall and Purcell 2016, Hartmann, Wieland et al. 2018). To contribute to this grounding, the authors draw on the perspectives of IAD framework, Service Science and Service-Dominant Logic to provide further theoretical foundation for Leadership (Kiser and Ostrom 1982, Vargo and Lusch 2004, Spohrer, Maglio et al. 2007). The purpose of this conceptual paper is to derive implications for the foundation, design and output of Leadership by theory synthesis.

1   Introduction

Netflix founder Reed Hastings uses the term "lead with context, not control" to describe a new understanding of Leadership as part of a fundamental cultural change. The change in the understanding of Leadership is understood as one of the ground rules that explain how a dvd-order service transformed itself, and how it enables netflix to reinvent itself again and again.

Starting point of this paper is the problemizing of the traditional Leadership culture in the discussions of Human Resource (HR) literature. Doubts about the appropriate employer-employee relationship challenge traditional and existing approaches to Leadership and Leadership culture. By questioning traditional Leadership approaches also key concepts within HR management (HRM) are put into question. To this end, the main differences between traditional Leadership approaches and netflix's approach are elaborated.

In this paper the discussion within the HR literature is extended to include the perspectives of the theories and concepts of Institutional Analysis and Development (IAD), Service Science and Service-Dominant Logic. After the synthesis of the theoretical perspectives, the positions, rules and actions of employees and employers in Leadership situations are analyzed based on the extended IAD framework. On this foundation, insights are derived for an expanded understanding of Leadership and HRM.

2   Research Methodology

A conceptual paper as methodology and within this methodology "theory synthesis" as research design are chosen (Gilson and Goldberg 2015, Jaakkola 2020). "Theory synthesis" is understood as the conceptual integration across multiple theoretical perspectives. After outlining and summarizing the conceptual domain theory of HR Management and Leadership the phenomenon of Leadership is analyzed through new perspectives to increase the

understanding and to extend the existing conceptual boundaries (MacInnis 2011, Jaakkola 2020). In order to achieve conceptual integration, the perspectives of Elinor Ostrom´s Institutional Analysis and Development (IAD) framework (Ostrom, Gardner et al. 1994, Ostrom 2009) of Service Science (Spohrer, Kieliszewski et al. 2019) and Service-Dominant Logic (Vargo and Lusch 2018) are elaborated and integrated.

3   Problemizing administrative HRM Approaches

Organizations are closely interwoven, both in their existence and their concrete forms, with the social environment surrounding them. Beyond the characteristics of bureaucracy, i.e., the presence of explicit and predictable elements of formal structure, such as hierarchy, division of labor, or work instructions, modern organizations reflect a variety of characteristics of their environment. As mentioned by Scott "institutional forces shape organizational systems" (Walgenbach and Meyer 2008, Scott 2013).

Human Resource Management (HRM) and Leadership literature underlines that the "shaping" through institutions and institutional arrangements is in particular for this part of the organization of central meaning. Institutions like rights, obligations or norms ground the rights and duties in the cooperation of employer and employee and in this way the social practices as culture, understanding, attitudes and approaches of HRM and Leadership. The established arrangements between employer and employee are more than the result of negotiations between employers and employees. They are part of broader social systems and express social norms that shape employers and employees in their attitudes, values and activities. This raises the need for HR managers and leaders to position themselves to the social environment. Either by isolating the organization from the social environment to a large extent or by adopting social developments actively (North 1991, Walgenbach and Meyer 2008, Scott 2013, Boxall and Purcell 2016).

With the administrative and the integrity approach, Selznick characterized two fundamentally different approaches to HRM and Leadership as early as 1957. And this decisively in terms of the interplay of the organization in relation to the social environment and the resulting norms, rules and attitudes within the organization.
On the one hand, the efficiency-oriented management style that uses existing resources to achieve a given goal also referred to as administrative approach. Efficiency as the operating ideal of administrative HRM presumes that goals are settled and that the main capabilities for achieving them are available. And this capabilities are even significantly available within the organization. The problem is then one of joining available means and capabilities to known outputs and ends. The decisions to be made and the decision-making process itself are characterized by regularly recurring processes and routines. As a consequence extensive delegation of responsibility may be worked out on the assumption that the prerequisite social organization is in being and the role of HRM and Leadership is to maintain and administrate this state (Selznick 1957).
On the other hand Leadership that goes beyond efficiency by setting the basic mission of the organization and "creating a social organism capable of fulfilling that mission"(Selznick 1957). The latter is also referred to as integrity approach; as integration of organizational purpose and individual commitment out of the social context. Therefore leaders should "infuse commitments into an organization" (Selznick 1957). The integrity of an enterprise goes beyond efficiency, beyond organization forms and procedures, even beyond group cohesion. Integrity combines organization and policy. The building of integrity is part of what Selznick has called the "institutional embodiment of purpose" and "its protection is a major function of Leadership"(Selznick 1957). This institutionalization is understood as the process of infusing the organization with value beyond efficiency and the "technical requirements of the task at hand" (Selznick 1957).

In order to assess whether the respective HRM and Leadership style of an organization corresponds more to the administrative or to the integrity approach, the established norms, rules and attitudes must be analyzed. The established social norms and rules can be revealed in many fields of HR- and Leadership literature like e.g. in some definitions of HR: "Many texts and dictionaries mistakenly define 'human resources' (HR) as the people employed in an organization, a notion that obscures the meaning of human resources and that critics see as impugning the dignity and denying the independence of human agents"(Boxall and Purcell 2016, Armstrong and Taylor 2020). This example reflects an understanding of HRM and Leadership in which people are managed at work; this understanding 'reduces people to the same category of value as materials and technology (Armstrong and Taylor 2020) and by this to resources to achieve a given goal (Selznick 1957). Administrative HR concepts like this are characterized by this understanding and the associated institutions that the employee is unilaterally managed by the employer: "HR management is concerned with choices – choices that organizations make from a wide variety of possible policies, practices and structures for managing employees" or "a career is not something that should be left to each employee: instead it should be managed by the organization to ensure the efficient allocation of human and capital resources" (Cascio 2006, Cascio 2007). The corresponding Leadership – or referring to Selznick Management style is characterized by command and control. The employee is employed and

deployed by the organization and is only given a certain amount of freedom to approach a task as he or she chooses; while the management still exercises a high degree of control (Hastings and Meyer 2020).

These administrative HR and Leadership concepts and the resulting institutional arrangements between employee and employer can be derived from the ancient understanding of the manufacturing industry that value is embedded in goods and wealth is created by the acquisition of the good. This goods-dominant view is transferred to a HR- and Leadership culture in which employees are procured, employed, managed and developed in an organization like goods (Vargo and Lusch 2004, Inkson 2008, Boxall 2013). Even though approaches such as human capital management recognized the value of employees intellectual abilities (skills, knowledge, qualifications) the basic understanding of managing, controlling and allocating the resource 'humans' remained unchanged (Lawler 2008).

On the other hand, the discussion in the HR- and Leadership literature demonstrates also an development towards the integrity approach and by this towards integrating organizational purpose and individual commitment. In recent literature „human resources are more accurately understood as the resources that are intrinsic to human beings, which they can apply to the various tasks of life, both in workplaces and in activities such as relationship building, child raising and community service. Most obviously, human resources include the knowledge, skills, networks and energies that people may deploy in their various roles"(Boxall 2013, Boxall and Purcell 2016). By applying their resources they infuse value and commitments to the organization.

According to this "integrity" based understanding HR management and Leadership derives its social legitimacy from powering relationships, institutional factors and value cocreation of employee, employer and other actors and by thus "from its ability to serve as an effective steward of a social contract in employment relationships capable of balancing and integrating the interests and needs of employers, employees and the society in which these relationships are embedded"(Boxall, Purcell et al. 2007, Kochan 2007).

This understanding of Leadership as creating a social organism is also reflected in netflix's approach "lead with context, not control" (Hastings and Meyer 2020). The netflix case describes Leadership as an integrity approach and by this not as making decisions instead of the employee but Leadership as setting the context to enable the employee to align his or her thoughts with the strategic objectives and the purpose of the company. This way Leadership is about integrating organizational purpose and individual commitment. By providing all the informations possible Leadership enables the employee to make great decisions and to accomplish the task without controlling their actions. Leadership with context gives much more freedom to employee than administrative Leadership approaches. Even being much more difficult Leadership with context has the advantage that employees build up the muscles necessary to make decisions independently in the future. Leading with context means redefining the employee value proposition and offering an energizing and empathetic employee experience (Lawless and Eger 2021). But leading with context won't work unless the the role of HR as steward of social contracts ensures the right conditions (e.g. institutions, talents, alignment to strategy) are in place.

In order to ground this discussion on the emergence and unfolding of Leadership and HRM culture and to analyse it in a broader social context, three theories and their core concepts are considered.

4   Expanding the Application Domain of HRM and Leadership

To add new perspectives to the HRM and Leadership discussion, the theoretical concepts of the Institutional Analysis and Development (IAD) framework, Service Science and Service-Dominant Logic are considered. In this way, previously unconnected theoretical concepts are to be linked and insights derived for both theoretical foundation and practical management of HR and Leadership.

As a starting point serves Ostrom´s Institutional Analysis and Development (IAD) framework (Ostrom, Gardner et al. 1994, Ostrom 2009). The framework contains a nested set of building blocks that can be used in efforts to understand human actions and outcomes across diverse settings. The purpose of the framework is to understand complex systems and to analyze how institutions affect the incentives of actors (organization, teams, individuals), their choice and their resulting behavior (Kiser and Ostrom 1982, Ostrom 2009, Spohrer, Piciocchi et al. 2012).

4.1   Institutional Analysis and Development (IAD) framework

An important strength of the IAD framework is structurally detailing the action situation relevant to actors as participants in specific situations. For further detailing, we structure the framework into the following three areas: "exogenous variables", "action arena" and "interactions & outcomes".
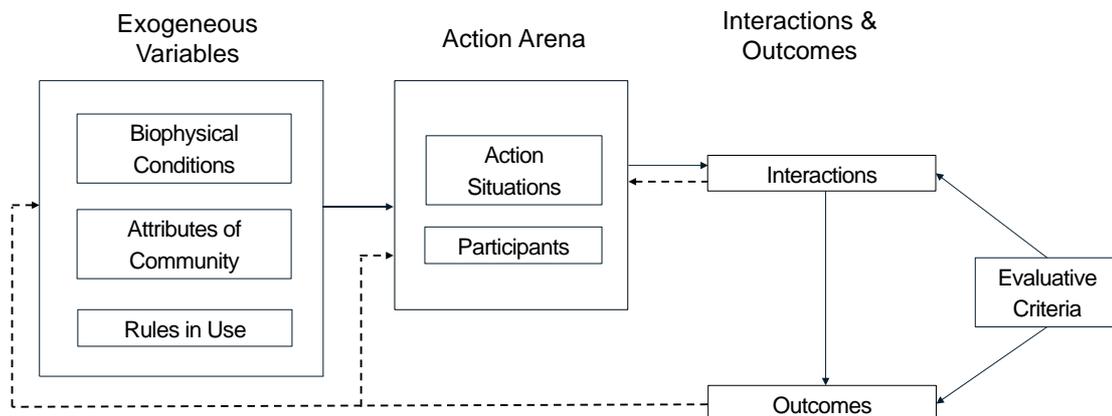
Figure 1 Ostrom`s Institutional Analysis and Development (IAD) framework (Kiser and Ostrom 1982, Ostrom, Gardner et al. 1994, Ostrom 2009)

Starting on the left in the framework are the exogeneous variables that affect the participants, positions and actions of an action arena and by this its structure. The exogeneous variables include three clusters of variables (Kiser and Ostrom 1982): 1. The attributes of states of the world that are acted upon in these arenas, e.g. the physical possibilities of actions, the producibility of outcomes and the linkage of outcomes to actions depend on the physical world and its transformations (Ostrom, Gardner et al. 1994). 2. The attributes of a community as all aspects of the social and cultural context within the action situation is located (McGinnis 2013). 3. The third set of variables that specify the values of the working components of an action arena relates to the rules specifying positions, set of actions or outcomes (Ostrom, Gardner et al. 1994, McGinnis 2013).

From this point, the action arena is viewed as a set of variables dependent upon other factors. In the action situation individuals act on their own or as agents of organizations, observe information, select actions, engage in patterns of interaction, and realize outcomes from their interaction (McGinnis 2013). The action arena can be utilized to describe, analyze, predict, and explain behavior within institutional arrangements. The action arena is linked to the third area of the framework the "interactions & outcomes". Outcomes are generated by a given action situation and available information about action-outcome linkages. Participants choose actions on the basis of their preferences, their information, strategic considerations, the expected outcome and the relationship between the action and the outcome (Rudd 2004, McGinnis 2013).

The relationships among the various parts of the action situation are represented within figure 2. Rules effect the working components of an action situation which is embedded in rules. Therefore it is helpful to link and explain rules corresponding to the action situation they constitute (Ostrom 2009, McGinnis 2013, Li, Van Den Brink et al. 2016).
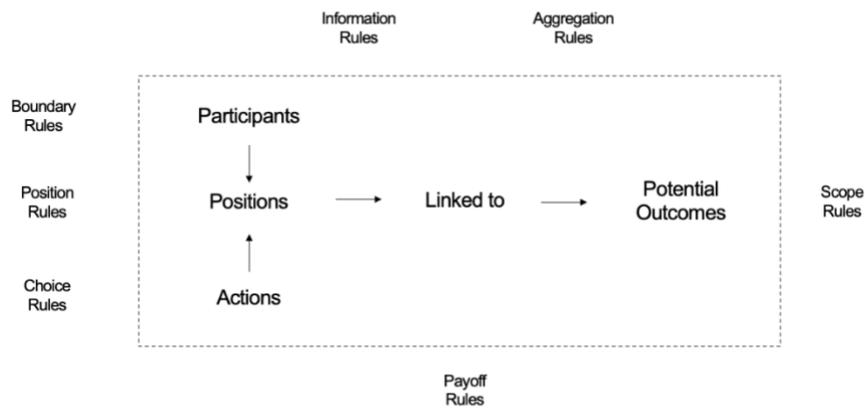
Figure 2 Rules as exogenous variables directly affecting the elements of an action situation (Ostrom 2009)

Rules specify the values of the working components within an action situation. The IAD framework describes the following rules (Ostrom, Gardner et al. 1994, Aligica 2006, Ostrom 2009, McGinnis 2013):

- position rules that specify a set of authorized actions
- boundary rules specify how participants enter or leave the positions in the action arena
- choice rules specify which set of actions are possible in the respective position
- aggregation rules specify the transformation (function) from actions to outcomes
- information rules specify the information available in the respective position
- payoff rules specify how benefits and costs are assigned to outcomes.
- scope rules specify the set of outcomes.

These rules become institutions through the constitution of regularized patterns of interaction by changing the costs and benefits associated with alternative actions and by making available options that would not be feasible to any one individual acting alone.

4.2   Service Science and SDL

Service Science and S-D Logic represent an aggregation of knowledge on value and value creation (Vargo and Lusch 2004, Lusch and Vargo 2014, Vargo and Lusch 2016) based on service exchange. Within this, service acts as the unifying element.

According to Service Science (Spohrer and Kwan 2009, Kieliszewski, Spohrer et al. 2018) and S-D Logic, service is always provided in interaction between different actors and results in a unique value. Following this, service is defined as the application of resources (in particular knowledge, skills and competences) to make changes that have value for another. S-D Logic is focused on the emergence and shaping of markets based on interaction of the producer and the consumer and other supply and value network partners as they co-create value through collaborative processes (Lusch and Vargo 2008). The value co-creation results in added value that improves one's own state or condition. For the process of value co-creation the integration of resources is a central concept (Vargo and Lusch 2004, Peters 2016). In this process actors are natural or legal entities capable of acting on potential resources and by this carrier of operant and/or operand resources (Löbler 2013). Operant resources, such as competences, are those that act upon other resources to create benefit; while operand resources are those resources which must be acted on to be beneficial, such as natural resources, goods and money (Constantin and Lusch 1994, Vargo, Lusch et al. 2010). For this S-D Logic serves as a meta-theoretical conception for explaining the process of value creation through service exchange among multiple resource-integrating actors forming institutionally coordinated service ecosystems (Vargo and Lusch 2016, Vargo and Lusch 2018).

Impacted by the worldview of S-D Logic, Service Science grounds the nature, scientific understanding, management principles and engineering discipline needed to understand and improve service and service innovation (Maglio and Spohrer 2008, Spohrer, Vargo et al. 2008). With the service system a new unit of analysis

is introduced by service science. Referring to the interactive character of service that involves at least two entities - one applying competence and another integrating the applied competences - these interacting entities are called service systems. More precisely, service systems are defined as dynamic value co-creation configurations of resources, including people, organizations, shared information, and technology, all connected internally and externally to other service systems by value propositions (Spohrer, Vargo et al. 2008). Therefore from service science perspective service ecosystems can be described as a structure of interconnected service system entities.

Moving toward a general theory of service (Spohrer, Fodell et al. 2012, Vargo, Akaka et al. 2017), five distinctive characteristics of service ecosystems are defined (Vargo and Lusch 2018):

- service ecosystems are relatively self-contained and have fuzzy boundaries
- actors are relatively self-adjusting, as they show adaptive behaviour
- actors are resource integrators that overcome the administrative view of enterprises too much focused on their internal resources and their mono-directional approach 'to' market
- actors are connected by shared institutional logics
- service exchange in service ecosystems results in mutual value creation

These characteristics demonstrate that service and service ecosystems are intrinsically systemic and dynamic concepts. The most significant evidence of this systemic functioning is that it is emergent and does not necessarily require top-down government and control mechanisms like in the case of planned networked organizations (Vargo and Lusch 2018).

This emergent actor-to-actor orientation also implies that the resources used in service provision typically, at least in parts, come from other actors (Vargo and Lusch 2016). In the context of actor coordination and service exchange S-D Logic has clarified the understanding and role of institutions as routinized, coordinating mechanisms, and becoming essential to understanding value co-creation: "As actors within a service ecosystem are cognitively distant from each other, shared institutional arrangements are necessary in order to coordinate their otherwise unrelated behaviour (Axiom 5)"(Vargo and Lusch 2018). Therefore institutions affect resource integration and service exchange among actors (Edvardsson, Kleinaltenkamp et al. 2014, Vargo and Lusch 2016).

The idea of resource networks contributes to the understanding of value creation, its consideration sometimes lacks a critical characteristic of systems, which are dynamic and potentially self-adjusting and thus simultaneously functioning and reconfiguring themselves. "That is, each instance of resource integration, service provision, and value creation, changes the nature of the system to some degree and thus the context for the next iteration and determination of value creation. Networks are not just networks (aggregations of relationships); they are dynamic systems" (Vargo and Lusch 2011). In this context of dynamic systems the aspects of how structures arise as well as the effective value co-creation functioning at the different micro-meso-macro levels of service networks and service ecosystems (Vargo and Lusch 2018), still represent key areas of service research. And by this led us to our theory synthesis.

5   Theory Synthesis and the extended IAD Framework

The synthesis of HR literature as domain theory with the by Service Science and S-D Logic extended IAD framework aims to gain new perspectives and insights for Leadership and HRM. In the first step, the IAD framework will be expanded by the core elements of Service Science and S-D Logic to gain new perspectives. Based on the extended IAD framework, the Leadership situation is then analyzed as an action arena.

While Service Science and S-D Logic focus on mutual value generation through service exchange as process of value co-creation (S-D Logic) and as dynamic configurations of resources (Service Science), the IAD allows to analyze the actor's decision-making situation. In all three concepts the aggregated actions lead to patterns of interaction oriented towards value propositions (Service Science and S-D Logic) and outcomes (IAD framework) (Rudd 2004).

Otherwise the IAD framework complements Service Science and S-D Logic through a continuously evaluation and feedback process that the exogeneous variables, the action arena and the outcomes go through. The IAD framework thus helps to explain how actor-to-actor networks change dynamically. This way the networks keep adapting to the modified exogenous variables and interconnected by changed value propositions. Networks are not just networks they are dynamic service systems (Spohrer and Kwan 2009, Vargo and Lusch 2011). From a process perspective the IAD framework is characterized by an uni-directional production process. The process is designed like according to goods-dominant logic; the outcome as result is achieved via a production function that relates

input and output. This goods-dominant perspective is complemented and expanded by Service Science and S-D Logic: The exchange of service is always the basis for economic exchange and the process of value cocreation by resource integration is always bi- or multi-directional and connected by value propositions. By this Service Science and S-D Logic expand the explanatory approaches for analyzing the details regarding the specific variables that influence social interactions interpreted as service exchange and resource integration. And thus eliminate a shortcoming inherent in the IAD framework (Cole, Epstein et al. 2019).
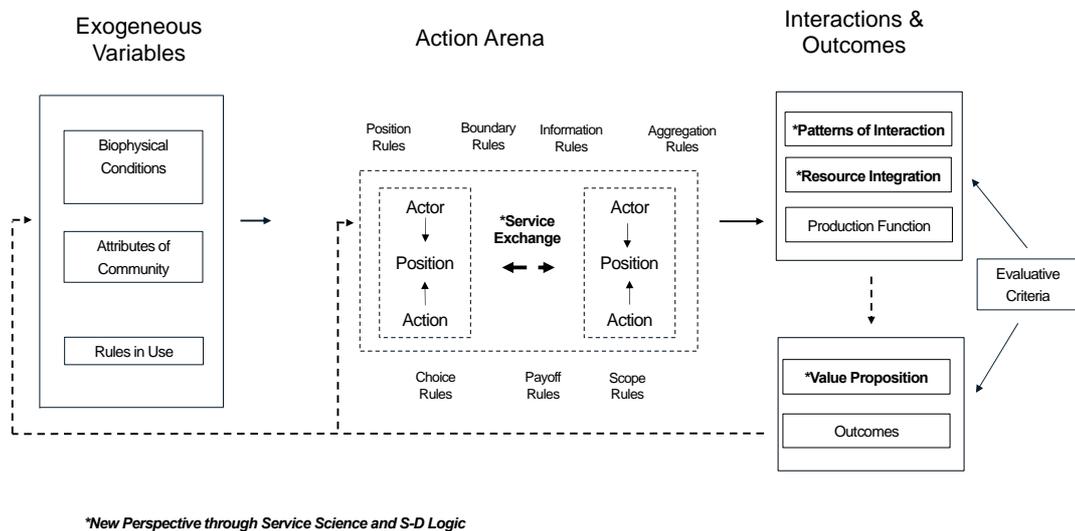

Figure 3 Extended IAD framework: Synthesis of IAD framework, Service Science and S-D Logic (Frosch, Warg 2021)

Interactions as service exchange are dependent upon rules as broadly defined institutions governing the flows of operant and operand resources like knowledge, materials, tools, energy, information, and people into and out of structures (Constantin and Lusch 1994, Rudd 2004, Ostrom 2009, Spohrer, Piciocchi et al. 2012). The actors then decide either to engage in service exchange and by this shape the pattern of interaction and outcome or not to act. Figure 3 demonstrates the IAD framework extended by the perspectives of Service Science and S-D Logic.

6 Analyzing the Action Situation

The impacts of the new perspectives to the existent knowledge and discussions within the given key concepts of Leadership and HR will be analyzed in the following on the basis of the extended IAD framework.

The conceptual unit for analyzing the Leadership situation is the action arena. The two actors in the action arena depicted in Figure 3 are the employer and the employee of the same organization. Their positions are characterized by cognitive capacities, information, preferences and strategies e.g. cooperator, rent-seeker (Cole 2017). In their positions employer and employee choose among actions associated with bundles of rights (Ostrom and Hess 2000). They decide in the light of the information they have e.g. information about the action outcome linkages.

As actors employer and employee operate under sets of rules that structure and shape their social and economic interactions. Even if the rules in use, like the other variables (biophysical conditions, attributes of community), are described as exogenous variables, which is true from the point of view of the action situation, they build specific contextual conditions and are endogenized on the action situation by service exchange and feedback loops (Cole 2017). As part of broader social systems the exogeneous variables shape the rules in use and by this influence the action situation.

Changes in the broader social and polycentric context are reflected in changes of the exogeneous variables. Specific contextual conditions and manifestations for exogenous variables can be e.g. technological developments and the associated capabilities, human digital collaborations and the resulting new workforce design, new ways of working between internal and external workforce, as well as new forms of Leadership with more personal

responsibility and freedom of decision. As demonstrated in Figure 3 and 4 these changes affect the rules in use and thus influence the action situation.
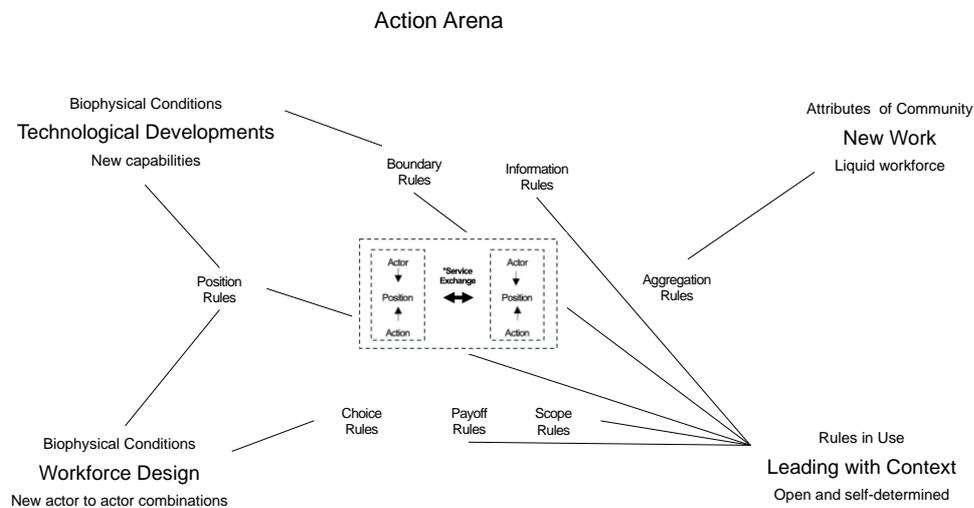
Action Arena

Figure 4 Specific contextual conditions of an Action Situation

By influencing the rules these changes affect the positions as authorized set of actions (Ostrom, Gardner et al. 1994). Examples of positions are in our conceptual unit employer and employee. With the extended IAD framework analysis is undertaken about actions that actor that hold particular positions are likely to take, rather than focusing on individual personalities. The position which an actor fills in the context of a Leadership situation is characterized by a set of authorized actions (Ostrom and Cox 2010). The positions of employer and employee are unique combinations of information, resources, opportunities, preferences, and responsibilities. A change in the specific contextual conditions e.g. demonstrated in figure 4 through technological developments or new actor-combinations (like human-technological) affects and changes the position rules and by this the positions of employer and employee. The change can have a value-promising, value-neutral or value-threatening effect on the actors. As grounded in Service Science and Service-Dominant Logic the actors within the action arena are interconnected to the context by value propositions. On the basis of the extended IAD framework, it can now be shown that the changes in the context not only change the rules but also influence the behavior of the actors as value propositions and explain their commitment. In extension to the pure IAD framework, the perspectives of Service Science and Service-Dominant Logic make it possible to analyze and explain the actors' engagement also as a link to multilateral value propositions, thus extending the single output-focused view of the IAD framework.

The position changes by internalization and adaptation of the new rules and the associated values in possible actions. New capabilities e.g. through technological developments and new human-technological configurations influence the action arena in two ways on the one hand as a value proposition and on the other hand they affect almost the whole set of rules in use:

- position rules and by this the set of authorized actions are changed by new opportunities and preferences resulting out of the new capabilities
- boundary rules for a particular position are modified and by this the mechanisms how positions are allocated to actors and how positions can be exited
- choice rules as actions in positions which employer and/or employee must or may take in various circumstances are influenced by new opportunities
- aggregation rules and by this how the action is transformed to outcomes are modified by altered productivity
- information rules authorize new channels of information available to employer and/or employee
- payoff rules assign rewards or sanctions to particular actions or outcomes are affected
- scope rules change by delimiting the range of possible outcomes for employer and/or employee

This demonstrates how the extended IAD framework enables the detailed presentation and analysis of the Leadership situation as positions which the actor fill within an action arena and their dynamic reciprocal effects, taking into account the context.

7   Implications for Leadership and HRM

The analysis of changes in the context of the organization and their effects on the sets of authorized actions of the actor using the extended IAD framework also reveals the role and significance of Leadership. Two basic ways of dealing with the context can be distinguished.

On the one hand, the attempt to keep external influences away from the action arena as far as or as long as possible in order not to influence the processes within the action arena. Referring to Selznick this way characterizes the efficiency-oriented management style designated as administrative approach. Efficiency as paramount of the operating ideal of an HR Management that is eager to maintain an efficient state of the organization (Selznick 1957).

On the other hand, the attempt to recognize the changes in the context early and to use them specifically to build a new or adapted mission and to expand the possible actions of the actors.
Referring to Selznick this way characterizes the integrity approach that goes beyond efficiency. The paramount of this way is the "institutional embodiment of purpose" and to infuse the organization with value (Selznick 1957). In distinction to HR Management we term this approach HR Leadership.

The mission of HR Leadership goes far beyond optimizing efficiency in the organization. It generates, develops and institutionalizes meaning and purpose for the organization. It capitalizes context to give the organization value for society and a purposeful strategy and internal commitment from employees. In order to fulfill this mission, HR Leadership must identify and exploit the key developments in the context at an early stage and actively shape the transformation of the organization. For this, HR Leadership must create the appropriate environment to enable the "infusion of value". As shown in figure 4, the rules must be changed so that external influences such as new technologies, new lifestyles and attitudes towards work or the stronger integration of external workforces can be used. This transformation towards leading with context also means changing the processes and structures of an organization which was previously almost exclusively trimmed to efficiency.

Such far reaching transformations can also lead to efficiency losses. Particularly if it leads to uncertainty or even existential fears among employees. Therefore HR Leadership as 'leading with context' is also about coping with change. Change as transformation of the organization with the core aspects of building a sense of urgency, creating a vision, empowering others to act on the vision and institutionalizing new approaches (Kotter 1995).

Amendments and also the elimination of existing rules are highly relevant for these transformations. The purposeful design of new rules (position-, boundary-, choice-, information-, payoff rules) and new exploratory formats are needed to identify key developments and trends as a prerequisite for creating a sense of urgency: for example social context journeys where teams self-determinedly identify these trends. This sense of urgency, in turn, is the prerequisite for the meaningful and purposeful strategic positioning of the organization.

HR Leadership is actively shaping the entire transformation towards leading with context. HR Leadership is about providing all the informations and setting the context to enable the employee to be a active part of the transformation and to align his or her thoughts with the strategic objectives and the purpose of the organization.

It develops and recruits the appropriate talents, ensures that the required competencies are built up, and establishes the corresponding information and participation programs, including mutual benefits like financial participation (payoff rules).

8   Implications for Theoretical Research

HR Leadership and HR Management are part of broader institutionalization processes nested in polycentric networked systems. This paper reveals how the theoretical concepts and perspectives of the IAD framework, Service Science, and Service-Dominant Logic complement each other. Through the perspectives of Service Science and Service-Dominant Logic, the extended framework can also be used to explore the interconnection of

systems via value propositions, the emergence of patterns of interaction, and the multilateral context of value cocreation and service exchange.

The extended framework thus also forms the basis for theoretical research into the analysis and explanation of change processes, with the aim of enabling new strategic purpose and positioning including the associated value propositions.

9   Findings, Conclusion and Outlook

The purpose of this conceptual paper is to derive implications for the foundation, design and output of HR Leadership by theory synthesis. Grounded on the IAD framework which is extended by the perspectives of Service Science and Service-Dominant Logic the Leadership situation as an action arena with employer and employee as actors is analyzed. Using the extended IAD framework it is shown how exogenous variables, as changes in the context of the Leadership situation, affect the positions and actions of employers and employees.

On the basis of the extended IAD framework, it is demonstrated that the changes in the context are not only internalized in the action arena by the modified rules in use but also influence the behavior of the actors as value propositions interconnected with the action arena and causing actor engagement. In extension to the pure IAD framework, the perspectives of Service Science and Service-Dominant Logic make it possible to analyze and explain actors' engagement also as a process of service exchange for mutual value creation. Thus extending the single output-focused view of the IAD framework.

Drawing on this framework the relevance of HR Leadership as a complement to the efficiency-oriented HR Management is shown. Leading with context integrates and institutionalizes organizational purpose by infusing value. Leading with context means redefining the employee value proposition and offering an energizing and empathetic employee experience. Leadership as setting the context to enable the employee to align his or her thoughts with the strategic objectives and the purpose of the company. To achieve this, the "command and control" rules established in the legacy management relationship need to be removed in the sense of netflix´s "no rules" approach, and new rules for more self-reliance and alignment to organizational purpose and social context need to be established. In this sense HR Leadership complements HR Management for creating value beyond organizational efficiency.

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