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Building and Maintaining Trust "Even When Things Aren't Going Well": Meta-Regulation Through an Explicit Psychological Contract

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Abstract

Hierarchical relationships between government regulators and public services providers often lead to dysfunctional behaviors that negatively impact service delivery. Meta-regulation encompassing continuous learning towards sustainable service improvement involving both parties could offer a more effective regulatory approach. Mutual trust is crucial for this approach but is often absent. Drawing on psychological contract theory and an empirical study in the English NHS, this research illustrates how an explicit psychological contract (EPC) can facilitate building and maintaining trust, even through challenging times. Our ethnographic observations reveal how a regular face-to-face meeting between regulators and hospital leaders provided a stable context through which the EPC could be operationalized to make fulfillment and breach visible, prompting responses that served to build and maintain trust. However, some breaches were deliberately kept hidden to protect trust and shared goals. We conclude the EPC is a pivotal mechanism to support a meta-regulatory approach in complex regulatory contexts.

Keywords: Trust, meta-regulation, explicit psychological contract.

Evidence for Practice

- Hierarchical regulation often fails to drive sustainable improvement because it derives superficial compliance from the regulatee through control instead of collaboration and trust.
- Meta-regulation principles emphasize a collaborative, learning-oriented relationship between regulator and regulatee, which supports sustainable service improvement among public services providers.
- An explicit psychological contract (EPC) supports the development of an adaptive, reciprocal, trust-based relationship between the regulator and regulatee through articulating mutual obligations that both parties believe necessary to reach a shared goal and that are adhered to even when 'things go wrong'.
- Embedding the EPC into regular meetings focuses attention on the 'fulfillment' of the EPC in a routine way, which builds trust.
- When a breach of the EPC occurs, one or both parties assess potential risks and benefits for trust relations, and may choose to trigger (or not) a collective discussion to understand why one or both parties failed to uphold the EPC's obligations.

Executive Summary

There are many examples across public services globally of stringent command-and-control approaches to regulating providers. Under these systems, organizations that fail to meet national standards imposed by regulators attract increased scrutiny, external intervention, and in some cases, force the resignations of their senior managers. This punitive system often leads senior managers to adopt reactive, autocratic leadership styles, geared towards solving problems quickly and avoiding regulatory action. These quick fixes seldom provide lasting solutions, and service providers often find themselves in a cycle of reactive problem-solving, hindering their ability to build sustainable improvement capacity (Parker and Braithwaite, 2005; McDermott, Hamel et al. 2015).

In contrast, 'responsive regulation' (Ayres and Braithwaite, 1992) has gained significant traction among scholars and practitioners. This approach shifts the regulatory focus from enforcement to persuasion (Tombs, 1992). Punitive measures are reserved for cases of persistent non-compliance. Despite its popularity and influence, responsive regulation faces significant implementation challenges. Key obstacles include ambiguous communication and limited interaction between regulators and regulatees, which can lead to misunderstandings and erode trust (Etienne, 2013; Gunningham, 2011). Additionally, regulatees may perceive regulatory communication as coercive, even when intended to be persuasive (Mascini and van Wijk, 2009). Furthermore, political pressures exerted by other regulatory actors operating at higher levels can constrain the ability of regulators to effectively use persuasion (Heimer, 2011). In situations where regulatory failure carries severe consequences and political influence is strong, a coercive, command-and-control approach might appear more straightforward and less risky (Tombs, 2015).

Meta-regulation offers an alternative approach to responsive regulation. Gilad (2010) defines meta-regulation as a dynamic, process-oriented framework focused on learning-oriented regulation. This emphasizes continuous learning and adaptation towards sustainable service improvement by both regulators and regulated entities. Effective meta-regulation requires regulators to critically evaluate their engagement strategies, actively learn about the challenges faced by regulated entities, and continually adjust their approach to improve regulatory effectiveness (Parker, 2002). Simultaneously, regulated entities should be encouraged to experiment with innovative solutions to achieve regulatory goals (Ford, 2008). By fostering this dynamic, reciprocal learning process, Gilad argues that meta-regulation can significantly enhance regulatory performance in complex and evolving contexts.

A crucial element for the success of a meta-regulatory approach is mutual trust (Gilad, 2010; Gunningham and Sinclair, 2009). To foster open and timely communication, regulators must build and maintain trust with organizational leaders (regulatees), ensuring they don't fear blame for future failures (Gilad, 2010). However, establishing and maintaining this trust can be challenging (Mascini, 2010; McDermott et al., 2015; Potoski and Prakash, 2004). Therefore, our study focuses on the key question: How can trust be built and maintained between regulators and regulatees to facilitate a meta-regulatory approach that supports sustainable service improvement?

Our empirical study examines a five-year multi-million-dollar partnership between the English NHS and a not-for-profit healthcare consultancy based in the United States. Five English hospitals, each with a history of performance challenges, were selected through a competitive process. The partnership aimed to: 1) enable each of the five partner hospitals to build improvement capability and foster a sustainable culture of continuous improvement within their respective organizations, and 2) for national system leaders (including regulators

and policymakers) to learn from the experience of the five hospitals about how they can support healthcare leaders across the wider system to foster a continuous improvement culture. Using an ethnographic approach, we observed twenty Monthly Partnership Meetings (MPMs), of five-hour duration, between the five hospital chief executives (CEOs) and regulatory actors across 24 months. The MPMs provided a direct context for examining the role of an explicit psychological contract (EPC) in building and maintaining trust. Our observational data was supplemented by twenty-seven semi-structured interviews.

An EPC is a formal, clear agreement that outlines the mutual obligations and expectations between two parties with differing levels of power (Conway and Briner, 2009). In our study, the EPC took the form of a written agreement between a hospital regulator and five hospital CEOs. This agreement detailed a set of reciprocal obligations that both parties committed to upholding. A workshop led by a US-based consultant facilitated the negotiation and agreement of these obligations, deemed necessary to achieve a shared partnership goal. An abridged version of the EPC resulting from this collaborative process is included in the main article.

Our processual analysis reveals the EPC as a key mechanism for building and sustaining trust between regulator and regulatee, facilitating a meta-regulatory approach across the duration of the partnership. Its efficacy was reliant upon frequent and intentional 'activation' within the context of the MPM. 'Reflections on the EPC' was a standing agenda item, dedicated to allowing all members to assess the partners' progress towards partnership goals. These reflections were consistently positive, highlighting the value attributed to the partnership and the benefit of a more collaborative relationship between hospital leaders and their regulator. The EPC thus became a mechanism for making the fulfillment of reciprocal obligations visible and celebrated. This repeat action enhanced the visibility of fulfillment and served to build trust.

The partnership experienced several ‘bumps in the road’ reflective of the natural tension between a regulator and regulatee. Particularly when a regulatee’s performance falls short of national standards, the threat of punitive sanctions looms large, and changes in the political environment create uncertainty. Incidents where obligations set out in the EPC are not met are known as ‘breach’ and their occurrence can threaten trust (Zhao, 2007). Breaches ranged from minor incidents, like a regulator blocking a CEO from speaking at a conference and forcing them to account to the regulator instead, to severe, where a CEO is forced to resign. Our findings illustrate how the MPM became a forum for the intentional ‘calling out’ of an EPC breach, deliberately instigating candid discussion and creating opportunities for timely and collective problem resolution.

Trust building takes time. Our analysis reveals the MPM as the vehicle through which new relational behaviors aligned to the EPC could be practiced, noticed, and celebrated to build trust. When issues arise, an EPC’s effectiveness in sustaining trust depends on timely identification and appropriate resolution of breaches. Intriguingly, our study found the CEOs chose on occasion to refrain from calling attention to a breach to avoid a break in trust, and sustain progress towards shared goals.

The implications for practice are significant. While explicit psychological contracts (EPCs) have received limited attention in academic literature, some government agencies and public sector organizations have experimented with similar explicit agreements, often termed “Compacts.” Although time invested in developing a compact can be valuable, these documents often devolve into mere codes of conduct, quickly forgotten and only remembered during instances of significant contract breach (Wiechers et al., 2019). Our study highlights that fostering learning-oriented regulatory behaviors, especially when trust is low, requires a platform where parties can consistently acknowledge and discuss the fulfillment and breach of

obligations outlined in the EPC during ongoing interactions. In conclusion, understanding how to effectively implement an EPC as a mechanism for building and sustaining trust is crucial for supporting a meta-regulatory approach which in turn, supports a collaborative approach to service improvement.

> It's never happened before in the English system. Regulators are usually regulators; they're usually telling you you're not doing something very well. But actually this [partnership] is different and it feels different … in terms of how we are allowed to create the space to learn and develop, **even when things aren't going so well**.
>
> (Hospital Chief Executive A, Interview 2018, *emphasis added*)

Strategic partnerships have been developed globally across public services, one of the main aims of which is to support collaboration towards public services improvement (Brandsen, Boogers and Tops, 2006; Teisman and Klijn, 2002; Lowndes and Skelcher, 1998). For such partnerships to be effective, regulators must transition their reliance on hierarchical and coercive controls to invest more substantially in developing improvement capability amongst regulatees. Such a transition requires a more relational, process-oriented regulatory approach (Gilad, 2010; Huising and Silbey, 2011), underpinned by social processes that enforce norms of reciprocity and trust (Bhuiyan and Perry, 2024).

Research suggests the presence of trust among social actors reduces the need for strong regulatory oversight (Moran, 2002; McDermott et al., 2015). However, in our empirical setting, four decades of top-down performance management in the English National Health Service (NHS) has fostered a 'low trust' culture, straining relationships between hospital leaders and government regulators, with adverse effects on the quality of care (Ferlie, 2017). Such phenomena are evident globally, the effect of which has typically been a substitution of trust through even stronger regulation (Aghion et al. 2010; Ayres and Braithwaite, 1992), rather than trust and regulation working hand in hand for a positive effect (Six, 2013).

Addressing the challenge of building trust between regulator and regulatee, our opening quote extracted from an interview with a long-standing chief executive of a public hospital

(hereafter: CEO) thus proves intriguing. The CEO was reflecting upon their experience of working in partnership with senior leaders of a healthcare regulator alongside four other public hospital CEOs to build improvement capability and foster a culture of improvement in their respective organizations. The quote is representative of a shared perception that this relationship 'feels different', moreover, the belief that the regulator will sustain a commitment to supporting the five CEOs 'even when things aren't going so well' exemplifies a shift in the traditional regulatory dynamic.

Trust is defined as 'the willingness of a party to be vulnerable to the actions of another party based on the expectations that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party' (Mayer et al. 1995:712). Decisions to trust are influenced by the perceived trustworthiness of the other party (Mayer et al. 1995) and the anticipated benefits (and risks) of a trusting relationship (Potoski and Prakash, 2004; Teisman and Klijn, 2002). However, it remains unclear how trust relations, particularly those built on reciprocity, can be established and maintained within traditionally hierarchical, low-trust regulatory contexts (Brandsen et al. 2006; Mascini, 2013; Huising and Silbey, 2011).

In our research setting, the regulator and regulatee have developed and utilized an explicit psychological contract, (hereafter: EPC) (Conway and Briner, 2009). An EPC is a formal written agreement stating the mutual obligations between two parties. It contains the reciprocal behaviors that regulators and regulatees agree to adhere to in pursuit of their shared improvement goal and serves as a promissory document rather than a legally binding one (Guest, 1998). Studies of EPCs are scarce, and their efficacy in governing the relationship between diverse and unequal stakeholders is rarely evaluated despite their assumed utility (Conway and Briner, 2009; Guest and Conway, 2002). Its use in governing organizational relationships thus represented an experiment. Hence, we sought to address the following research question: How does an explicit psychological contract (EPC) contribute to the

building and maintenance of trust between regulators and regulatees to facilitate a meta-regulatory approach that supports service improvement?

A meta-regulatory approach is a regulatory strategy in which the regulator focuses less on prescribing specific rules and more on shaping the capacity of regulatees (e.g., organizations, industries) to regulate themselves effectively (Coglianese and Mendelson, 2010). Furthermore, this approach emphasizes regulators learning from the experiences of those they regulate, evaluating how regulatory systems and behaviors influence desired outcomes, and iteratively refining practices to improve the capacity of regulatees to deliver desired performance outcomes (Ford, 2008; Gilad, 2010; Parker, 2002).

Our contribution to the literature is three-fold. First, we critically reflect on the role of the EPC as a mechanism for making explicit the agreed-upon goals, values, and reciprocal obligations of both regulator and regulatee, to support a collaborative, learning-oriented regulatory approach. Drawing on psychological contract theory, we explore how actions that visibly demonstrate adherence to (fulfillment) or deviation from (breach) these agreements can shape trust, a crucial foundation for effective meta-regulation. Second, based on our analysis, we present a process model that illustrates how both regulators and regulated entities strategically utilized the EPC to build and maintain trust. Third, we highlight the importance of a safe and supportive environment where desired behaviors can be practiced, observed, and reinforced to build and maintain trust over time.

In the next section we outline the scholarly debate surrounding regulation and the pivotal role of trust. We then introduce meta-regulation as a collaborative, learning-centered, and adaptive approach to governance. Finally, we explore relevant literature on the psychological contract that underpins our research.

Regulation and the role of trust

Regulators seeking to enhance the performance of the organizations they oversee encounter a significant dilemma articulated by Ayre and Braithwaite: the challenge of determining 'when to punish and when to persuade' (1992, p.21). Ayre and Braithwaite's influential theory of 'responsive regulation' centers on the largely uncontested notion that persuasion, which allows organizations to self-regulate their performance and prioritize quality improvement (McDermott et al., 2015), is the most effective approach (Tombs, 2015; Tombs and Whyte, 2013).

Despite its continued popularity, the implementation of responsive regulation faces several challenges (Mascini, 2013; Parker, 2013). First, the capacity to alternate between a top-down regulatory approach and a bottom-up, self-governing one depends on a regulator's ability to gather timely and accurate performance information from providers (Mascini, 2013). Second, regulatory actors often operate within complex, multi-layered systems subject to powerful political forces; thus, the responsiveness of regulators can be hampered by the rigidity of those operating at other levels of the system (Heimer, 2011; Mascini, 2013). Third, ambiguous communication between regulators and regulatees can lead to misunderstandings, resulting in negative perceptions of behaviors that may not accurately reflect the intentions behind them (Mascini, 2013). Furthermore, diminished accountability poses risks for both regulators and regulatees, as effectively illustrated by Potoski and Prakash (2004) through game theory. Game theory helps us understand the strategic interactions between regulators and regulatees, especially in high-stakes sectors such as healthcare. In these environments, a bottom-up approach to regulation can leave regulators vulnerable to regulatees prioritizing their self-interest over the quality, safety, and value of care delivery. If regulators subsequently resort to punitive measures instead of promoting improvement efforts, it can undermine the trust essential for effective self-regulation (McDermott et al. 2015; Brandsen et al. 2015). Therefore, for a capability-building regulatory approach to be effective, both regulators and regulatees

must fulfill their reciprocal responsibilities to build and maintain trust within this dynamic relationship (Grimmelikhuisjen et al. 2024).

Meta-Regulation: A Collaborative Approach

Meta-regulation, a collaborative regulatory approach where learning is integral to the regulatory regime, is particularly suitable for heterogeneous organizations where both regulators and regulatees have a limited understanding of what constitutes good outcomes or effective control systems (Gilad, 2010). Scholars have argued that English healthcare providers represent a fitting context for meta-regulation (e.g. Lodge, 2015; Millar et al. 2019). First, it is comprised of diverse organizations varying in size and service focus (e.g., acute, mental, community, and primary care) with differing levels of integration. Furthermore, outcome measures such as waiting times, which are often manipulated (Bevan and Hood, 2006), serve as poor indicators of care quality. Additionally, regulatory inspections can be misleading or ineffective, as evidenced by the Mid-Staffordshire scandal, where several warning signs were missed, ignored, or dismissed as data errors by senior hospital managers (Francis, 2013).

Implementing a meta-regulatory approach necessitates a close relationship between regulators and regulatees, coupled with a robust capacity for ongoing data collection and analysis, both of which hinge on a high level of trust (Gilad, 2010). This trust allows for the sharing of information and best practices, enabling both parties to learn and adapt together, thereby improving regulatory outcomes. However, as Gilad points out, "trust is arguably only achievable when regulators and regulatees enjoy external political support and public confidence, enabling them to tolerate short-term mistakes in the pursuit of long-term improvement" (p. 497). Thereby the question of how trust can be built and maintained between a regulator and regulatee *even when things go wrong*, requires further examination.

The (Explicit) Psychological Contract

In this section, we will outline the core assumptions associated with the psychological contract (PC) and then introduce the explicit PC (EPC) as a mechanism to facilitate the building and maintenance of trust between regulator and regulatee.

The PC refers to the informal, unwritten agreement or set of expectations regarding mutual obligations in the workplace, typically between an employee and their employer. It differs from a formal contract, as it describes a set of - often implicit - beliefs about what each party is entitled to receive and obligated to give in exchange (e.g. Morrison and Robinson, 1997). The PC can contain transactional and relational elements. Transactional aspects of the PC often focus on short-term, specific exchanges (e.g. beliefs that going the extra mile will be rewarded with a bonus), while relational aspects are longer-term and grounded in trust-based exchanges (e.g. beliefs about being treated with dignity and respect in return for loyalty). Traditionally, scholars have conceived the PC as a hierarchical construction that denotes the perceived reciprocal terms of an 'uneven' exchange relationship, historically between an employee (subordinate) and their employer (Coyle-Shapiro and Kessler, 2003; Guest, 1998).

The *explicit* psychological contract (EPC) builds on PC theory and research and describes a formal, written agreement stating the mutual obligations and expectations between two parties. It contains the reciprocal behaviors that two parties of a relationship (here regulator and regulatee) agree to adhere to in pursuit of their shared improvement goal and serves as a promissory document rather than a legally binding one (e.g., Conway and Pekcan, 2019). The EPC is a helpful mechanism to build trust, as it clarifies perceptions of mutual obligations and formalizes accountability in a relationship. In hierarchical relationships, the (implicit) PC often reflects uneven power dynamics, with employees being in the more vulnerable position, having to rely on employer to fulfil their obligations (Coyle-Shapiro and Kessler, 2003). The reliance on unwritten expectations inherent in implicit PCs can be exploited, with one party potentially denying knowledge of the perceived obligation. Alternatively, these unwritten terms may

inadvertently lead to misunderstandings, particularly in complex regulatory environments where expectations and obligations are multifaceted and ambiguous (Conway and Briner, 2005). The EPC, by making expectations explicit and reciprocal, aligns with the collaborative ethos of meta-regulation, where trust and accountability are co-constructed to support mutual learning and shared goals. At the same time, the enhanced transparency of an EPC compared to a traditional PC makes it more challenging for either party to claim ignorance of agreed-upon expectations when an obligation is broken. This explicitness reduces the ability to overlook or downplay potential breaches, ensuring greater accountability in the relationship. Making reciprocal obligations between partners of an unequal exchange relationship explicit (i.e. written) is not new (see for example, Argyris, 1960), yet research on EPC processes and outcomes is lacking.

The (E)PC is not a static phenomenon, but develops, evolves, and shifts over time as expectations and organizational realities change. The experience of breach and fulfillment of obligations are central to the stability and change of the PC. PC breach refers to incidents where the other party is perceived to have 'failed to meet one or more obligations' (Morrison and Robinson, 1997:230), while fulfillment describes 'the extent to which one party to the contract deems the other has met expectations' (Lee et al. 2011: 204). Breach and fulfillment are central mechanisms through which employees interpret and evaluate the alignment between what they believe was promised by the other party (i.e. the employer) and what is delivered (e.g. Rousseau, 1989). Hence, breach and fulfillment provide information on the status quo of PC and the relationship between the two parties.

Breaches to the PC cause an individual to become cognitively aware of this misalignment between the expected and the observed behavior of the other party (Wiechers et al., 2022; Rousseau et al. 2018). Breaches (sometimes labelled violations, if particularly disruptive) are often associated with strong negative emotional responses (Conway and Briner, 2002; Zhao,

2007), leading to outcomes such as reduced motivation and effort (Tekleab and Taylor, 2003), reduced productivity (Kotter, 1973), decreased levels of commitment (Coyle-Shapiro and Kessler, 2003) and, central to our research concern, decreased trust (Robinson, 1996). Given the well-documented negative implications of breach of trust in any relationship, effective, time-sensitive repair is a primary concern for parties wishing to maintain a relationship (Rousseau et al. 2018; Warsen et al. 2019). Further, in the absence of trust repair, an individual may choose to withdraw from the relationship or may adjust their perceptions of the trustworthiness of the other, leading to less willingness to be vulnerable in the presence of the other party, resulting in more guarded behaviors (Rousseau et al. 2018).

Not all PC breaches are significant enough to trigger attention to the status quo PC. Wiechers et al. (2022) analyzed 37 breach incidents, finding that PC attention is activated only when breaches are significant enough to threaten the status quo of the PC. Factors triggering conscious attention included perceived blame attribution, expected collegial support, and fairness. Thus, an individual's affective response to PC breaches may depend on contextual factors, in particular those related to personal goals, blame perception, and fairness.

Fulfillment infers relationship stability and may not routinely trigger attention to the PC (i.e., does not prompt deliberate reflection on the status quo of the PC). In this sense, the PC operates ‘in the background' (Schein, 1980); beliefs about the obligations of a party to the exchange contract have been met, and fulfillment typically goes unnoticed. By contrast, any perceived deviation from fulfillment (i.e. exceeded promises – in addition to broken promises) cause an individual to pay attention to the terms and conditions of their PC, and question their trust-based assumptions (Atkinson, 2007). Recent studies indicate that when fulfillment is sufficiently relevant to an individual, it triggers positive emotional responses. This, in turn, enhances trust in the other party (e.g., Kiefer et al. 2022), signifying the prospective role of mechanisms that trigger attention to PC fulfillment for the purposes of trust building.

From the above discussion, it is clear that trust plays a central role in the (E)PC (Robinson, 1996; Atkinson, 2007) because it governs a party's belief that the other party will honour perceived promises. Fulfillment signals consistency with expectations and reinforces a party's belief that the other party is trustworthy and will continue to honor its obligations in future. However, breaches signal that the other party may have taken advantage of the vulnerability, hence is likely to undermine trust going forward in the relationship.

We postulate that the EPC enhances trust in a meta-regulatory framework for several reasons. First, it fosters clarity and transparency in the relationship between regulator and regulatee. Unlike traditional regulatory approaches, which often rely on prescriptive rules and punitive measures, the EPC formalizes mutual obligations upfront, creating a shared understanding of expectations and responsibilities. This explicitness reduces ambiguity, minimizes the potential for perceived breaches due to a lack of transparency, and in doing so, further develops a foundation of accountability and trust. Second, the explicitness of mutual expectations and obligations within the EPC serves as a reminder (and, therefore, mechanism) to prioritize collaboration. By clearly outlining roles and responsibilities, the EPC minimizes the likelihood of breaches, allowing both parties to address potential misalignments between regulator and regulatee. Third – and related to the previous point - when breaches occur, the EPC provides a structured framework for helping to make both breaches and fulfillments more transparent, thereby providing opportunities to further develop the relationship and its inherent trust.

The EPC aligns with the principles of meta-regulation by encouraging both parties in a hierarchical relationship to define and uphold the terms of the regulatory relationship proactively. By prioritizing collaboration over control, the EPC allows regulators to transition from enforcing compliance to an ongoing assessment of how their actions influence desired outcomes. By understanding their regulatees and the challenges they encounter, regulators can

refine their strategies accordingly. This collaborative dynamic reflects the core hallmarks of meta-regulation, where trust-building and reflexivity drive continuous improvement and shared ownership of outcomes.

Empirical Context

In July 2015, a five-year multi-million-pound partnership between the NHS and a not-for-profit healthcare consultancy based in the United States was announced. Five English hospitals were selected as 'NHS partners' via a competitive application process; each partner hospital had experienced a long history of performance challenges. The dual aims of the partnership were to 1) enable each of the five partner hospitals to build improvement capability and foster a sustainable culture of improvement within their respective organizations and, 2) for national system leaders and policymakers to learn from the experience of the five hospitals about how they can support healthcare leaders across the wider health and care system to foster a sustainable improvement culture.

Over five years, each hospital collaborated with the consultancy partner to implement systems supporting improvement capability across all levels. Regulator representatives met with the five CEOs at their London headquarters for the 'monthly partnership meeting' (MPM). The meeting followed a similar pattern of activity on each occasion: each CEO presented an update of their organization's activities, including staff engagement, the focus and scope of improvement activity, performance improvements concerning that activity (i.e. successes) and also any problems and challenges the organization faced. Following each CEO update, all participants (regulator and peer CEOs) were invited to ask questions, request elaboration, offer support, guidance and general feedback. On each occasion, the five-hour MPM concluded with a standing agenda item: 'reflections on the EPC'.

The EPC

At the onset of the partnership, the U.S. based consultancy facilitated a day-long workshop between the five CEOs and members of the regulator to co-develop an EPC, intending to negotiate and agree on a set of reciprocal obligations that would formally govern the relationship. We retrieved the following excerpt from an email sent to partnership members explaining the EPC and its intended role to 'facilitate cooperation whilst minimizing frustration' and to prescribe the 'rules of engagement' governing the relationship between the regulatory representatives and the five CEOs:

> [An EPC] is a written document that outlines explicit reciprocal responsibilities to support achievement of a shared goal. The purpose of developing one at this early stage of your journey is to build a strong partnership between [regulator] and [regulatee]. Setting out the explicit expectations will facilitate cooperation whilst minimizing frustration and disappointments. Once implemented [the EPC] becomes the rules of engagement and furthers not just partnership but successful outcomes.
>
> (Consultancy Memorandum, September 2015)

At the workshop an initial draft of the EPC was created and further refined by participants over approximately four weeks. Figure 1 presents the final (abridged) version of the EPC, which includes a clear statement of partnership goals alongside the explicit 'responsibilities' (obligations) that the regulator and hospital leaders agreed to uphold. The reciprocal obligations represent actions and behaviors deemed essential to the fulfillment of partnership goals.

Insert figure 1 here.

Research Methods

We aimed to explicate how an EPC facilitated the building and maintenance of trust to support a more collaborative (meta-regulatory) approach and enhance improvement capabilities among regulatees. In essence, framed by our *a priori* understanding of the importance of underpinning trust for meta-regulation, and that the EPC appeared key to this in our empirical case, we sought to examine how the EPC worked in practice to derive such trust in an inductive study (Eisenhardt and Graebner, 2007). We incorporated non-participant observations of the MPM, combined with informal and formal interviews alongside document analysis (minutes of meetings and other sources of documentary data). Our ethnographic approach to data collection was important for our study since little is understood about how and why an EPC can support trust building and maintenance where asymmetries of power and control prevail (Coyle-Shapiro et al. 2019). An ethnographic approach helps us understand how and why events related to the EPC (Rousseau et al. 2018; Bankins, 2015) unfold over time (Langley, 1999; Pettigrew et al. 1992) and how participants responded in real time. The use of ethnographic methods allowed us to immerse ourselves in the field, where we were able to observe and understand the complex interplay of power dynamics, communication patterns, and shared experiences that shaped trust (Shimoda, 2013). Moreover, since not all incidents incurred actions that triggered active attention to the EPC (Wiechers et al. 2022), our combined qualitative methods enabled us to identify and examine breach incidents that were not 'called out' at the MPM, but could be discussed with participants at interview.

Studying trust is complex due to its multifaceted nature, encompassing human disposition, decision-making, behaviors, social networks, and institutions (Rousseau et al. 1998). Quantitative research, while making strides in exploring trust, faces limitations such as sampling difficulties, limited interpretation of findings, and 'hidden variables' (Yamagishi et al. 1998). To address this, considering context and culture is crucial. Ethnographic methods are

well-suited for examining trust in interpersonal relationships (Shimoda, 2013), as they comprehensively consider a range of factors, from cultural issues to personal characteristics (Cheung, 2008; Moore, 2016).

Their ability to convey nuanced meanings and uncover sensitive work relationships makes them valuable for understanding the intricacies of trust for health leaders and regulators.

Sampling and Data Collection. Access for the study was aided by the creation of a signed concordat agreement between partnership members (cf. Brewster et al. 2015), where two of the authors were granted access to the MPM in the role of non-participant observer. Between March 2018 and February 2020, 20 consecutive MPMs were attended (there were no MPMs during August due to summer holidays), and approximately 400 A4 pages of mostly verbatim notes were captured in a hand-written observation diary. Our observations captured patterns of interaction among key actors over time, including the actions and reactions of participants in the event of an EPC breach.

Interviews were conducted with senior representatives of the regulator, senior healthcare leaders at each of the five hospitals, including the CEOs, and senior advisors from the external consultant. These interviews focused on the lived experience of stakeholders as the partnership evolved. Our formal interviews began after the researchers had observed the MPMs for three consecutive months, enabling researchers to establish rapport with key stakeholders and respondents. Our interview protocol included questions such as 'What is the purpose of the MPM?', 'What are your reflections on the partnership as a whole?' and 'What is the EPC, how does it work, and what value does it bring?'. We did not explicitly ask participants about how the EPC shaped trust between regulator and regulatee; rather, we asked what does the EPC do to support the relationship between regulator and regulatee, from which building and maintaining trust emerged.

In total, 27 semi-structured interviews were conducted, with 15 members of the partnership, across 24 consecutive months (2018-2020). Most respondents were formally interviewed more than once. Informal interviews were conducted on occasions where the researcher would seek further clarification of issues arising from data collection. All formal interviews were audio-recorded and transcribed verbatim. See appendix 1 for summary of interview respondents and interview duration.

Data Analysis. We used a critical incident technique to support our explanatory and process-oriented focus (Chell, 2004). Observational field notes, interview transcripts and meeting agendas, papers and minutes were imported to Nvivo (v.12) and then analyzed to identify key events of significance to our research enquiry. These events were identified when a participant made an explicit reference to the specific obligations set out in the EPC (either at interview or during the MPM).

Central to our theory-building approach was the triangulation of data between ethnographic observations, corresponding minutes of the MPMs, and participant interviews. Since 'fulfillment' of the EPC was generally captured during the standing agenda item 'reflections of the EPC' which directed participants' attention to what the partnership was doing well, we focused our attention on the occurrence of breaches, specifically if, how, and why participants chose to draw attention to the breach, and how the issue evolved. We employed the Gioia method (Gioia et al. 2013) in our multi-stage coding process. This method facilitates a structured process for qualitative researchers to inductively derive themes and build theoretical insights from rich, qualitative data. First, we analyzed observational data to understand the interactions between partnership members during breaches and their real-time responses. Second, we examined interview transcripts to explore participant reflections on specific incidents, especially EPC breaches, focusing on the EPC's role in managing collaboration, fulfillment, and trust.

We captured our outcome variables of building and maintaining trust in three ways. First, we coded participant's explicit use of the term trust, made either during an interview or as part of the dialogue we observed and recorded in our observation diary. Second, we analyzed verbatim interactions between partnership members, focusing on instances where participants exhibited vulnerability towards others, aligned with Mayer et al.'s (1995) definition. We also captured and analyzed participants' reactions to incidents of EPC fulfillment and breach. Outcome variables related to trust building and maintenance were inferred through interpretive analysis and ratified by all authors, including one of the CEOs. Finally, we adopted a formative evaluation approach, sharing our findings annually with MPM members. In sum, our ethnographic approach allowed us to delve beyond quantitative measures and gain a deeper understanding of the 'hidden variables' inherent in human relationships, as suggested by Yamagishi et al. (1998).

A note on selection bias. The authors were not involved in the selection of the five hospital organizations for the intervention. However, it is important to consider the prospect of selection bias. To this end, we know that each hospital partner was selected via a competitive process restricted to hospitals without 'foundation trust' status, a designation awarded when hospitals demonstrate strong leadership and financial management. The selected hospitals, representing diverse regions, sizes, and performance challenges, had to prove stable leadership and commitment. More than 60 eligible NHS hospitals applied for the partnership, and five were ultimately chosen. None of these hospitals or their CEOs had prior collaborative experience. When the five hospital partners were chosen for this intervention, they showed a range of performance levels as assessed by the Care Quality Commission (CQC), an independent hospital inspector. The CQC uses a four-point scale: Outstanding, Good, Requires Improvement, and Inadequate. Four of the five hospitals were rated 'Requires Improvement,'

while one was rated 'Good.' Consequently, we believe that the level of trust between the individual CEOs and their regulator likely varied at the start of the intervention.

Findings and Analysis

We present this section in two parts. First, we describe the formal MPM as the context within which new relational behaviors could be practiced and observed. Next, with the aid of a process model we illustrate how the EPC evolved as a mechanism for building and maintaining trust (even when things go wrong).

Balancing accountability with learning. Cognizant of the need to balance a traditional regulatory requirement for accountability with a reciprocal learning-oriented approach, regulator representatives spoke of concerted efforts to utilize the MPM to foster a space for CEOs and regulators to interact candidly, share experiences, critique and learn together.

> Part of [the MPM] is about accountability because the taxpayers are putting an awful lot of money into this program, so we have to hold [CEOs] to account for getting value out of the spend. But we needed to find a way of making sure that sat in the background to become a learning forum pretty quickly.
>
> (Regulator A, Interview July 2018).

Another senior regulatory leader highlighted the significant and ongoing resource commitment in attending and administrating the MPM, as a symbol of the importance attributed to the partnership by the regulator alongside a commitment to pursue and sustain new and developmental ways of working. In return the CEOs were expected to attend all meetings and to 'report what they have done', creating a reciprocal accountability mechanism.

> The [MPM] serves an accountability purpose that frankly says this [partnership] is important. We demonstrate some commitment by people [in senior roles] giving a whole day of our time,

> once a month, but we expect the same from [CEOs] and we expect them to be able to report what they've done…I think now they've all bought into it and understand that rhythm, it's become a learning forum for the chief execs from each other. I like to think we ask intelligent questions as well to prompt them.
>
> (Regulator K, Interview July 2018)

This predictable, monthly pattern of interaction enabled new relational behaviors to be practiced, noticed, and repeated to build trust. The same respondent (Regulator K) was later observed to reflect candidly on the conscious shift from a traditional regulatory approach to one that actively seeks to engage with and understand how regulator actions may hamper the ability of the CEOs to develop improvement capability. **"**People refer to us as a regulator, right better do some regulating! But this partnership is about trying to shift to more of an improvement focus…what can we do to remove the 'rocks in your shoes', ask us, and *we'll hold up a mirror*, offer reflections" (Observation diary, October 2018, *emphasis added*).

Our interviews and observations of the five chief executives and their reflections and interactions with the senior regulatory leaders supported a proactive learning orientation that emerged via the MPM. For example, highlighting the value of the MPM for the hospital leaders, CEO D told us: "I think there's a currency in this group which is important…there's power in that and in the learning" (Interview); CEO A told us "The level of trust is really good. The opportunity I think that this partnership gives us is time to consider how you improve. Running hospitals and healthcare is really challenging, complex, and volatile" (Interview). With specific reference to the EPC, CEO D links the identification of reciprocal behaviors to creating a "climate for success."

> On the one hand, the [EPC] is real because you can see it, you can read it. It's about nurturing, giving time, giving headspace, giving headcover. But the behavior of the regulator is command

> and control, assurance focused, accountability from a punitive perspective, whereas, the [EPC] recognizes building a climate for success.
>
> (Interview, CEO D)

During the May 2018 MPM, an observed interaction between an external consultant and the CEOs revealed the transformative nature of the emerging regulator-regulatee relationship as perceived by the group of CEOs. When prompted about previous opportunities for dialogue, CEO C described the communication void left by decades of frequent NHS reorganizations. He emphasized how the MPM now enables 'a different conversation' providing an 'extraordinarily valuable' platform for addressing shared challenges and frustrations (Observation diary, May 2018).

The extraordinary value of dialogue enabled by the MPM was also noticed by regulatory respondents describing the five CEOs as a 'privileged group' (Interview, Regulator A). Indeed, the emerging power and influence of this group of CEOs at a national level was evident in the writing of a letter to the chief executive of the NHS regulator in July 2018 recommending wider adoption of a more collaborative approach to governance to support capability-building across the wider health and care system. The letter specifies the EPC "a helpful tool in this regard."

> As CEOs we've learnt that doing [improvement] properly requires a different style of leadership. It means adopting a coaching style that empowers staff to find solutions, that creates the time and space for them to do improvement and where our role [as CEOs] focuses on removing barriers ... Creating that leadership culture locally can be made more challenging at times given the traditional 'system oversight' culture in the NHS. That is why we very much welcome your strong message to the provider sector that [regulator] will recalibrate its primary focus from regulation towards improvement. That shift may well require similar changes in

> leadership style and behaviors between the regulator and providers…. Certainly the EPC we created with [regulator representatives] has been a helpful tool in this regard.
>
> (Letter to Regulator CEO, dated July 2018)

In the next section, we delve into the role of this 'helpful tool' for shifting relational behaviors in ways that build and sustain trust, even when things go wrong.

How the EPC Facilitated Building and Maintaining Trust

We use a process model to illustrate how the EPC built and maintained trust over time (figure 2). This model illustrates how regulator-provided support (such as coordinating meetings and meeting space, collating information and capturing minutes, and the monthly attendance of senior regulatory leaders) combined with the EPC to create a context where events were routinely evaluated against the obligations set out in the EPC (refer to figure 1). Actions triggered by these evaluations were found to support the building and maintenance of trust. We illustrate how the ritual of making the fulfillment of obligations visible offered assurance of the partnership's ongoing commitment to shared goals, allowing trust to build over time. However, when a breach occurred, a participant's deliberate and vocal 'calling out' of the breach in the context of the MPM triggered a response focused on trust building and maintenance.

Please insert figure 2 here

Making Fulfillment Visible Builds Trust. 'Reflections on the EPC' was a standing agenda item encompassed within the MPM, embedding reflections on the EPC as routine. The

documented minutes of one of the first meetings to incorporate the EPC illustrate how this standing agenda item triggered the evaluation of the partnership's fulfillment of obligations set out in the EPC:

> All reflected on a very helpful meeting, in particular the openness and honesty of the group to share successes and challenges reflected the increasing maturity of the relationships being developed within the MPM. This was very much in accordance with the [EPC].
>
> (Minutes of MPM, Jan 2016).

In practice, we observed the concluding agenda item 'Reflections on the EPC' to trigger an action from participants (regulators and CEOs), where each took turns to share their reflections from the meeting. On each occasion, this formal sharing was positively valenced, often highlighting the meeting's value, peer support, candor, and the importance of regulator commitment. The following vignette illustrates a typical reflection from a CEO:

> Today's meeting was candid and eye-opening. I appreciate the honesty shared, particularly Regulator G's feedback on our improvement targets. CEO D's openness struck me, and I recognize the stress your team faces from recent media coverage. I'm here to support you in any way, whether by providing help or simply listening. Finally, I look forward to visiting CEO B's improvement team - when we plan to steal all your best ideas! [Laughter]

The vignette illustrates how the ritual of reflecting on the EPC serves as a powerful mechanism for noticing and acknowledging fulfillment, as well as a further opportunity to practice the behaviors set out in the EPC. Based on real events and observations the vignette showcases the mutual respect, collaboration, and trust established among the CEOs and the regulatory

participants. We note that drawing attention to fulfillment as a permanent feature of the MPM reduced the fear of CEOs that they may be 'held out to dry' for performance, even when an organization's failings have become externally visible - as is common among public service providers, particularly in sectors like healthcare where public scrutiny is intense. In sum, the ritual 'reflections on the EPC' positively reaffirmed that openness and honesty in communication are rewarded, establishing an increasingly mature trust-based relationship.

Making Breach Visible For Self-Reflection, Builds Trust. The phrase "holding up the mirror" was used frequently by regulator representatives as an open acknowledgement that some regulatory behaviors have historically created barriers for leaders wishing to develop improvement capability. Repeated use of this phrase captures the integrity of the regulator's commitment to adopting proactive and reflective behaviors aligned to a meta-regulatory approach.

A commitment to self-reflection was also evident in how regulator participants utilized the EPC during the MPM. For example, CEO D had been prevented from attending a partnership engagement in May 2018 due to a last-minute regulatory request to 'attend an urgent discussion regarding performance issues'. This request came from regulator representatives who were not members of the MPM and represented a breach of the obligation: ensure [regulator] staff have sufficient understanding of the partnership to interact with hospital partners in a consistent way (see figure 1). Acknowledging the incident as a breach CEO D told us: "The reason I wasn't able to attend the national improvement conference was because I was called into certain things here by the regulator. So I have raised that with them but their view was 'this is important'" (Interview).

Regulator G was interviewed the day before the May 2018 MPM, shortly after the missed national improvement conference. Explaining that the incident affecting CEO D was beyond his control, he also acknowledged the incident as a breach to the EPC. Regulator G told us he

intended to ‘call out’ the breach during the MPM the following day. He reasoned that such action would bolster the regulator’s integrity within the partnership.

> [CEO D] at the last minute was unable to attend and speak because he was called to an urgent discussion by [regulators] from a different part of the organization. I’m not judging whether that was the right call from us, but it was something I will call out at tomorrow’s MPM. You know, one of the things we said we’d do is try to be consistent and co-ordinated as a regulator and that was an occasion where we didn’t. We didn’t know that meeting was scheduled until [CEO D] told us and although we offered to talk to the individual here [at regulator] about that and see if they could understand, [CEO D] didn’t want us to intervene. Nevertheless, I can call that out. And what that does is, *it builds trust*.
>
> (Regulator G, Interview May 2018, emphasis added)

This premeditated ‘calling out’ by Regulator G was observed by the researchers, and also recorded in the minutes of the May 2018 MPM: “[CEO D] was unable to attend the conference because of a regulatory meeting. This a reminder of the distance still to go in relation to the [EPC]”. The decision to make the breach visible was a deliberate and strategic action by the participant, with the express goal of bolstering the trustworthiness of the regulator in the context of an EPC breach. The incident allowed the regulator to demonstrate self-reflection concerning behaviors that fall short of the obligations agreed in the EPC, acknowledging the evolving nature of the relationship: “we still have some distance to go” (Observation diary, Regulator G, May 2018). By proactively disclosing the breach, the regulator demonstrated a

willingness to reflect on their actions and reinforce their commitment to EPC responsibilities, ultimately building trust.

Making Breach Visible For Collective Problem-Solving, Maintains Trust. In July 2018 we observed a significant breach to the EPC. The CEO from Hospital E suddenly and unexpectedly stepped down from their role amidst poor financial performance. The incident occurred at a similar time to our first set of scheduled interviews with each of the CEOs. During these interviews, before respondents could be asked about the situation, they began to tell us. In each case, we were told they had perceived the incident as a breach of the EPC. The perceived severity of the breach threatened the trustworthiness of the regulator in upholding the obligations agreed in the EPC: "It's undermined our confidence" (CEO B, Interview).

Once again, the MPM provided the setting through which members of the regulator sought to highlight the breach and resolve the conflict. We note the perceived severity of this breach on account of its impact: a threat to partnership sustainability and therefore, a threat to goal attainment. We observed the regulator exhibiting similar behaviors described earlier: instigating open and candid discussion about the event and assessing the shortcomings of regulatory actions. However, far from accepting sole responsibility as we might expect, regulatory representatives sought to frame the breach as one that both parties should reflect on. Our observational diary captured verbatim the deliberate and frequent use of the word 'we' to distribute responsibility to all members of the meeting, asking, "What could *we each* have done differently? Do *we* need to take some responsibility ourselves? Did *we* not spot something? The cultural issues? *We've* discussed this over MPMs, but *we* didn't flag to ourselves, and I worry about that… I feel quite bad about this really…what could *we* [the partnership] have done differently?" (Observation diary, Regulator K, July 2018).

The regulator representative was framing the breach as a collective incident where warning signs had been visible to all members, thereby shaping the incident as something *all*

participants had failed to act upon. To further bolster a collective framing Regulator K triggers participants' attention to the reciprocal obligations set out in the EPC: **"**What we [regulator representatives and CEOs] didn't do was enact the beliefs in the [EPC] where we set out stable leadership." Further, Regulator K frames the incident in terms of what needs to be learned to prevent further failure: "We need to internalize this learning and if we are passing it on to others, to say 'full stop, it's high risk, a list of warning signs, on and on it went', … what did we do?" (Observation diary, Regulator K, July 2018).

Instigating collective responsibility for the incident forced all members to reflect on what they each could have done, rather than laying the blame solely with the regulator. We observed the CEOs nodding heads and expressing regret despite previously blaming the regulator for the incident. Subsequently, this response served to lessen the perceived severity of the breach in the eyes of the CEOs, enabling the regulator to avoid a break in trust.

Making Breach Visible To Reinforce Shared Goals, Maintains Trust. In another example, we observed the CEOs use the EPC to collectively reject an attempt by the regulator to reduce their input to the MPM. In this example, we observed Regulator G make two separate attempts (in November 2018 and February 2019) to discharge regulator representatives from attendance at the MPM, claiming the meeting was sufficiently mature to continue as a self-sustaining CEO network. Backstage, the regulator was undergoing a period of change and instability, members of staff were under pressure and concerned about the continuation of their roles in the organization. Supported by the other CEOs, CEO B responded by reminding Regulator G of the shared goal of using lessons from the partnership to influence policy and practice at a national level: "I think it's important to have skin [sic] in the game. If we're really serious about working at national level, then we must continue to make sure we are all involved" (Observation diary, November 2018). In February 2019, we observed the CEOs working together to reject the regulator's second attempt to reduce their involvement in the MPM,

highlighting the shared goal of significantly impacting improvement culture at a national level, and the critical value of their time investment.

> **Regulator:** How important is it that we are here at this meeting?
>
> **CEO D:** It's how much is this group hoping to impact improvement culture at a national level.
>
> **CEO A:** The rest of the NHS watches how [regulator] spends their time, so it is a critical thing continuing this.
>
> (Observation diary, February, 2019)

Interestingly, the CEOs seem to suggest that the regulator's absence would be seen as a breach of trust, undermining their commitment to the partnership and potentially eroding trust within the broader healthcare system.

(Not) Making Breach Visible, To Maintain Trust. Our observations during 2018 and 2019 identified several instances where behaviors deviated from the obligations outlined in the EPC. Table 1 summarizes the incidents we observed to trigger attention to the EPC and how the various incidents were resolved to sustain the partnership over time. Our analysis shows the CEOs opted on occasion *not* to make a breach visible.

In the following example, regional representatives of the regulator repeatedly failed to attend the monthly organizational meeting held at each hospital. At interview, all CEOs noted this ongoing breach of the EPC, specifically the regulator's responsibility to 'facilitate consistent behaviors with other stakeholders' (refer to figure 1). While all CEOs privately raised the breach at interview, they independently chose not to trigger attention to the EPC at the MPM. Just like the calling out of one's breach by the regulator described in an earlier section, the decision *not* to call out the breach was strategic to avoid a break in trust. The CEOs

believed the regulator representatives of the MPM, with whom they had developed a trust-based relationship, could not mandate attendance by the regional representatives. Resolving the breach would therefore be difficult, and drawing attention to it could be counterproductive. Since the breach poses little threat to the attainment of the shared partnership goal, its impact is judged to be minor therefore attempting to address it could harm the regulator-regulatee relationship without any significant benefit.

Reflecting on the persistence of (minor) breaches to the EPC, some CEOs perceived a disconnect between the regulator's MPM representatives and their operational teams. As CEO D put it, "The regional [regulator] team is completely disconnected from our [improvement] work. So the [regulator representatives attending MPM] are fantastic, they are nurturing, they understand the necessity for the [regulator] to work differently, but the operational arms [regional regulator representatives] are working in silos" (Interview). Similarly, CEO E-2 reflected, "I think I've always known that real politic intervenes, sadly" (Interview).

In sum, since the EPC had not been socialized beyond the context of the MPM and its participants, expectations about regulatory behaviors were informed by participants' implicit PC, where past experiences inform beliefs about the trustworthiness of the regulator. Relegating incommensurate behaviors to the 'operational arms' of the regulator shielded the partnership from unresolvable conflict, thereby avoiding a break in trust.

Insert Table 1 here.

Discussion and Conclusion

Our study addresses the critique of hierarchical regulation systems, extending insight into the development of a meta-regulatory approach underpinned by trust (Aghion et al. 2010; Ayres and Braithwaite, 1992; Grimmelikhuisjen et al. 2024; Six, 2013). Our study illustrates *how* such an approach can be enacted, with a focus on the role of an EPC in building and maintaining

trust over time (Rousseau et al. 2018). Ethnographic observations of the MPM enabled processual analysis of a 'changing' relationship (Pettigrew et al. 1992), within which the role of an EPC as a mechanism for building and sustaining trust, even when things go wrong, became evident.

We highlight the creation of an EPC at the outset of the partnership enabled open discussion (and negotiation) between the regulator participants and the regulatees about the behaviors each party expects of one another aligned to the attainment of a shared goal (Rousseau et al. 2018). We note that the process of negotiating reciprocal obligations and documenting them for future reference (the EPC) was a powerful exercise in its own right, ensuring clarity and consistency of expectations concerning reciprocal behaviors, reducing the miscommunication that can hinder the relational interactions between regulators and their regulatees (Mascini, 2013; Potoski and Prakash, 2006). However, the true power of an EPC is accessed only when stakeholders' attention and commitment to the enactment of those behaviors is maintained across time, and especially in the face of adverse conditions like political instability and resource constraints. Our study shows how deliberate actions, integrated into routine meetings, were crucial for building and maintaining trust. These actions intentionally drew attention to the EPC, fostering a reflective, learning-oriented approach to regulation resembling a shift away from power-based control (Purdy, 2012).

Within the context of the regulator-regulatee dynamic, the MPM fulfils its conventional accountability function while simultaneously foregrounding a learning-oriented regulatory approach supporting capability building for sustainable improvement. Regulatory members described their approach as 'being a critical friend' and 'holding up a mirror'. The approach enabled regulatory actors to understand the experience of those they regulate and evaluate how specific regulatory behaviors support or hinder a regulatee to improve performance. This ongoing assessment prompted iterative reflections, adjustments and improvements aligned to

Gilad's (2010) depiction of meta-regulation. However, one of the limitations of this approach lies in the heavy resource and time commitment necessary to build the relational trust we observed to emerge via the MPM. The challenge of maintaining such commitment in a complex, dynamic, resource-constrained and highly politicized environment was evident from the repeated attempts by regulatory actors to withdraw from attending the MPM. Our analysis shows how the EPC was utilized to successfully resist these attempts.

In sum, our analysis revealed the EPC as a pivotal mechanism for building and maintaining trust to support a meta-regulatory approach in three ways: first, all meeting members were formally required to make fulfillment visible at the close of each meeting, building trust in a gradual, cumulative way; second the ability of any of the meeting members to 'call out' and make visible a breach of the EPC enabled participants to respond in ways that served to maintain trust when things went wrong; third, we note not all breaches were made visible via the MPM. Recurrent breaches deemed relatively low impact with low probability of prevention lead the CEOs to separate the 'two arms of the regulator' (Interview, CEO D), accepting 'real politic [sic] intervenes' (Interview CEO E). This strategy protected CEOs from drawing attention to breaches that regulators might be unable to address. By avoiding reporting, CEOs avoid a potential breakdown in trust if regulators are forced to admit their limitations in the context of powerful external forces.

Since an EPC makes obligations explicit, convergent and divergent behaviors become more readily visible; subsequently, opportunities for time-sensitive celebration as well as time-sensitive conflict resolution, became more readily accessible. PC scholars conceive an implicit PC as dormant until a stimulus of sufficient import to the individual, triggers a heightened cognitive awareness of one's PC (Rousseau et al. 2018). As such, scholars have primarily focused on the role of breach (and over-fulfillment) as the trigger for conscious appraisal of the PC. Yet employing practices that deliberately and systematically trigger appraisal of the

EPC makes fulfillment and breach visible to all parties, regardless of any relational power dynamic, enabling trust to be built and maintained 'even when things go wrong'.

Specifically, our data analysis finds the formal agenda item 'reflections on the EPC' at the close of each meeting served to trigger positive emotions that build and strengthen trust in the relationship between regulator and regulatees over time (Kiefer et al. 2022). This systematic practice requiring both regulator and regulatee to reflect on the EPC, produced frequent cycles of positive reflection, and a shared and recent history of success in ways that build trust (Ansell and Gash, 2008, Williamson, 1985). Making 'fulfillment' visible thereby presented a valuable mechanism for building trust and enabling a more relational, learning-oriented approach to regulation.

As Warsen et al. (2019) point out all relationships inevitably encounter conflict. Thus, establishing mechanisms for timely conflict resolution is crucial for building and maintaining trust in effective partnerships. The frequent convening of the MPM, with its predictable structure, stable membership, and recurrent pattern of activity, fostered a psychologically safe environment (Edmondson, 2018) where participants felt comfortable discussing challenges without fear of punitive regulatory action. This environment also allowed any participant to flag regulatory behaviors that deviated from the EPC's obligations and hindered the shared goal of improving the broader health system, enabling prompt corrective action, which regulatory participants reportedly welcomed. In all cases where a participant had triggered attention to an EPC breach, the outcome was positive, even when one of the five CEOs was forced to 'step down' from their position as hospital CEO, creating leadership instability in ways the remaining CEOs had privately condemned.

Through our empirical examples we revealed how EPC breaches of differing severity were made visible via the MPM and responded to in ways that served to further enhance and/or maintain trust, avoiding the negative implications of PC breach described extensively in the

literature (c.f. Zhao, 2007). For example, a breach that was perceived as low severity was responded to through a premeditated decision to openly reflect on the regulator's shortcomings by the offending party (the regulator). This deliberate act served to build trust in the sense that hospital leaders believed in the integrity of the regulator. Where the impact of the breach was more severe the regulator successfully distributed the blame equally between themselves and the hospital leaders, avoiding a break in trust. However, this example (and others) raises a further limitation of the EPC: its efficacy hinges upon activation which occurs among participants who are both familiar with its terms and conditions, and are embedded in the relational practices of the MPM. In conclusion, we found that while our study reveals how and why an EPC can build and maintain trust to support a meta-regulatory approach, its effectiveness is predicated upon its repeated use among participants who share a common objective and adhere to the specified behavioral norms.

Finally, returning to prospects for the continuation of hierarchical regulation, this remained evident in other parts of the regulatory system, perhaps necessarily so given the size of the healthcare system, which encompasses approximately 200 hospital providers. Further, recent patient safety scandals in a small number of English hospitals (see Darzi, 2024) suggest that within such a large system, it might prove difficult to have widespread meta-regulation structures and processes, perhaps the latter are best applied to discrete interventions amongst a limited number of service providers.

Limitations and Future Research

Our study reflects a partnership that benefited from ample resourcing, something that is rarely achieved within a public sector context. This unique context offered a novel lens through which we could deeply examine how and why the EPC became a pivotal mechanism for building and maintaining trust, supporting a meta-regulatory approach for improvement. However, the significant financial investments made by the UK Department of Health to fund and support

the partnership conceivably provided additional, powerful motivation for the regulators to build trust and maintain their commitment to the behaviors specified in the EPC. Despite this, we observed how external pressures, such as budgetary constraints and political considerations, led the regulator to attempt to reduce their commitment to the partnership. The regulatees, however, used the EPC as a mechanism to prevent this withdrawal and successfully retained the active engagement of the regulator for an effective meta-regulatory approach to ensue. Further research could explore the effectiveness of a meta-regulatory approach incorporating an EPC in contexts without significant financial support.

A further limitation lies in linking performance outcomes to the five-year intervention and its associated meta-regulatory approach. While we found evidence of extensive process improvements across all five organizations, leading to enhancements in quality, safety, timeliness, and cost of service delivery at the local operational level, their impact on organizational-level outcomes may take years to fully manifest. Further research is needed to track long-term outcomes and assess the full impact of the meta-regulatory approach on patient care and system performance. At the national level, policymakers at NHS England launched an Improving Patient Care Framework (IMPACT) in 2022, which draws extensively from the insights gained through this partnership, indicating that the lessons learned are being utilized to shape practices across the broader system. Further research is needed to examine if the shift towards a learning-oriented approach to regulation also occurs across the wider system.

Finally, the study's focus on a single partnership involving regulatory representatives and five hospital chief executives limits generalizability. Future research could explore the applicability of these findings to other collaborative efforts in the public sector, particularly those involving multiple stakeholders and complex regulatory landscapes.

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Figure 1: The EPC between a healthcare regulator and five hospital CEOs

Shared vision: The five hospital partners aspire to be the safest in the country and facilitate wider sharing of learning across the wider health system, demonstrating how culture change, alongside stable leadership can improve patient care and save money.	
Regulator Responsibilities	**Hospital Responsibilities**
Creating the right environment • Behave in a positive, respectful and consistent way at all levels of interaction with hospitals, and be open and transparent; • Maintain integrity in positive partnership working even when under external pressure, and show empathy with hospital issues; • Be candid in offering constructive criticism and receptive in receiving it – always assuming good intent. • Ensure that regulator staff have sufficient understanding of the program to interact with hospital partners in a consistent way	**Creating the right environment** • Act in a way that is respectful open and transparent, with a commitment to early warning and no surprises; • When under pressure on wider delivery, look to the method as part of the solution; not a barrier • Work with the wider system so they have understanding of method, process and what is required to maximize benefits.
Fostering Excellence • Enable and support the coaching and development of CEOs in exchange for commitment to remain in post; • Make available specialist expertise, knowledge and tools to support partner hospitals.	**Fostering Excellence** • Promote ambition, innovation and continuous improvement, celebrating success and learning from setbacks; • Provide the tools, information necessary to improve practice • Draw on the talents and expertise of all staff across all grades and disciplines.
Listening, Communicating and Influencing • Listen and act in the spirit of shared endeavor and mutual learning to support solutions; • Communicate regularly and clearly with hospital partners and advocate for the program with stakeholders and the public; • Build coalition of support from the wider system to help hospital partners to implement the method and to realize the potential nationally.	**Listening, Communicating and Influencing** • Maintain two way clear communications between hospital partners and regulator, seeking and providing feedback; • Foster effective internal and external relationships built on trust and agreement; • Ask for help and support when needed; • Be advocates for improvement work nationally.
Leadership • Demonstrate full commitment to the programme and champion it across the whole organisation; • Be clear, reasonable and consistent regarding expectations on pace and progress; • Facilitate consistent behaviors of other stakeholders in the hospital environment; • Provide professional leadership support across executive and non-executive board positions; • Commit to supporting hospital leadership and maintaining board stability, and explore avenues to reinforce that.	**Leadership** • Support board stability and longevity; • Ensure systematic engagement of the whole board (including non-executives) in delivery; • Chief executives to personally lead the program and visibly role model the approach; • Keep commitments on deliverables, timelines and measurement; • Stick to the 'lean' management system across the organisation; • Acknowledge collective responsibility with [regulator] and other hospital partners around delivery of the program and the duty to support each other.

Figure 2: How an EPC supports building trust and maintaining trust

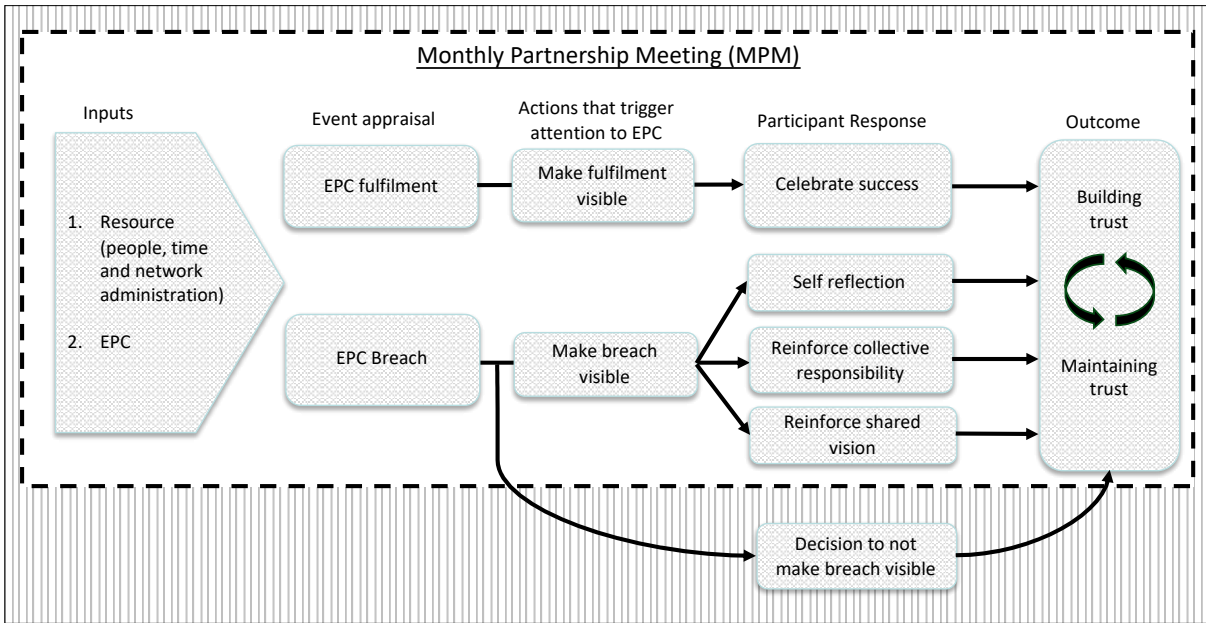

Table 1: Maintaining Trust Even When Things Go Wrong

Event description	Data example: description of incident	Trigger attention to EPC	Data example (outcome)	Resolution	Outcome
EPC Breach: Inconsistent behavior from regulator in face of external pressure	"Part of the EPC was to share learning with the regional teams…but the [regulator] improvement lead never turns up because of 'other commitments'" (CEO D, Interview May 2018)	No	"I think the tension we have with our regulator is, they're our regulator. They have immense pressure nationally, so sometimes the two worlds collide in terms of the performance that's needed and this methodology - they clash" (CEO D Interview, May 2018)	**Evoke implicit PC (informed by past experiences)**	**Trust maintained**
	"So tomorrow there's performance meetings [with regulator] where I'll be beaten up for sure, on all sorts of things, which will be in complete contrast to Friday's MPM" (CEO E-2, Interview September 2019)	No	"I think I've always known that real politic intervenes, sadly" (CEO E-2 interview, September 2019)		
	"The reason I wasn't able to attend the national improvement conference was because I was called into certain things here by the regulator. So I have raised that with them but their view was 'this is important'"	Yes	"The reason [CEO D] was not here for the conference yesterday was because he was dealing with target performance imposed by us…one of the things we said we'd try to do is be consistent and co-ordinated as a regulator and that was an occasion, we didn't…we've used the EPC to surface that. For all of us, this is a reminder of the distance we still have to go" (Regulator G, observation diary, May 2018)	**Self reflection**	**Trust maintained**

Table 1 (continued): Sustaining Trust Even When Things go Wrong

Event description	Data example: description of incident	Trigger attention to EPC?	Data example (outcome)	Resolution	Outcome
EPC Breach: Leadership instability	Regulator recruits finance director from Hospital E, destabilizing leadership (Retrospective incident, February, 2016)	Yes	"Now we can't dictate where people go but, you know, I think one of the things the EPC allowed CEO E to do was to call that out at the MPM. Now we couldn't say 'no problem, sorry, we'll send him back', but what we did do is to reassure of our commitment to not poach staff recognizing that it would be inconsistent with the EPC" (Regulator G, Interview May 2018)	**Self reflection**	**Trust maintained**
	"[The EPC] doesn't say 'through thick and thin', but the process of that conversation went along the lines of 'stability is crucial'. You know, you've selected us [CEOs] on the basis that you think we're capable leaders and have got the right approach, but you know that we need time to turn our organizations into the organizations we all aspire and hope they will be" (Interview CEO E-1, July 2018)	Yes	"We need to take some responsibility ourselves *[looking at regulator representatives and CEOs].* Did we not spot something? I feel quite mad about this. We didn't enact the beliefs of the [EPC] where we set out stable leadership. We didn't listen! Why didn't we stop the line? We need to internalize this learning." (Observation diary, Regulator K, September 2018)	**Reinforce Collective responsibility**	**Trust maintained**
Attempted EPC breach: Reduced Commitment	"should the MPM be hosted by other organizations rather than the regulator?" (Observation diary, Regulator G, November 2018)	Yes	"It's how much is this group hoping to impact improvement culture at a national level" (Observation diary, CEO D, February 2019) "The rest of the NHS watches how [regulator] spends their time, so it's a critical thing	**Reinforce shared vision**	

	"How important is it that the regulator is here? (Observation diary, Regulator G, February 2019)		continuing this" (Observation diary, CEO A, February 2019		

Appendix 1

List of interviewees

Respondent	Role	Number of interviews (duration)
Regulator A	Senior National Director, Healthcare regulator	2 (~100 mins)
Regulator K	Senior National Director, Healthcare regulator	1 (~60 mins)
Regulator L	Senior National Director, Healthcare regulator	1 (~60 mins)
Regulator G	Senior Advisor, Healthcare regulator	2 (~180 mins)
Regulator N	Senior Advisor, Healthcare regulator (admin role)	2 (~180 mins)
CEO A	CEO of NHS Hospital Trust A	3 (~240 mins)
CEO B	CEO of NHS Hospital Trust B	2 (~100 mins)
CEO C	CEO of NHS Hospital Trust C	2 (~120 mins)
CEO D-1	CEO of NHS Hospital Trust D (2015-2019	3 (~200 mins)
CEO D-2	CEO of NHS Hospital Trust D (2019-2020)	1 (~30 mins)
CEO E-1	CEO of NHS Hospital Trust E (2015-2018)	1 (~60 mins)
CEO E-2	CEO of NHS Hospital Trust E (2019-2020)	2 (~100 mins)
USHC K	CEO of US based healthcare consultancy	1 (~60 mins)
USHC SP	Senior director of US based healthcare consultancy	2 (~120 mins)
USHC D	Senior advisor of US based healthcare consultancy	2 (~90 mins)