

Research on the Evolution of Cumulative Risks Caused by Managerial Slack and Relevant Governance Countermeasures

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Abstract: Most systematic management failures of enterprises stem from cumulative risks caused by daily managerial slack rather than sudden operational crises. Minor control problems in business operations cause little short-term harm and involve trivial supervision work, which easily leads managers to become complacent, slack and reluctant to handle cumbersome tasks. Consequently, hidden risks gradually evolve into systematic governance risks. From the perspective of enterprise process governance, this paper summarizes the four-stage evolution rule of managerial slack, and analyzes the causes of slack and ineffective error correction from three dimensions: control standards, governance cognition and evaluation mechanisms. In view of human tendency toward slackness, this paper puts forward targeted governance countermeasures including simplified supervision, cognitive rectification and power-responsibility binding. The research can provide references for enterprises to prevent cumulative risks arising from managerial slack, strengthen refined management and achieve high-quality development.

Keywords: Managerial Slack; Risk Accumulation; Risk Prevention and Control; Corporate Governance; Governance Countermeasures.

1. Introduction

In the daily operation of enterprises, minor management problems such as non-standard process implementation and inadequate detailed control are common. These problems bring no obvious immediate harm and rarely trigger operational crises. Meanwhile, daily supervision is trivial and complicated, which easily makes managers become complacent and slack. They tend to ignore predictable and rectifiable minor problems and reduce supervision efforts. The systematic management disorder and low operational efficiency of most enterprises do not result from major decision-making errors or sudden risks. Instead, they are caused by the long-term accumulation and gradual deterioration of minor management problems under managerial slack, showing a governance feature of sudden appearance but progressive essence.

Currently, most enterprises fall into the misconception of prioritizing results over processes. Managers focus excessively on performance and post-event rectification, while ignoring the cumulative and lagging risks of daily minor problems. A long-term stable operating environment further reinforces the one-sided mindset that no accidents mean full compliance. Routine process control becomes formalistic. Unresolved minor problems keep accumulating, break through the enterprise's management tolerance limit, and eventually lead to systematic governance chaos. [1]

Existing studies on corporate management mainly focus on major risk disposal and the construction of macro governance systems. There is insufficient research on micro-governance deficiencies such as gradual problem accumulation and ineffective error correction caused by daily managerial slack.

Few studies conduct quantitative analysis and systematic sorting on the mechanism of slack governance from the human nature perspective, resulting in limited practical guidance [2]. Against this background, this paper takes daily enterprise process governance as the starting point, constructs a four-stage evolution framework of managerial slack, analyzes the core causes of ineffective error correction, and proposes corresponding dynamic optimization countermeasures. It aims to help enterprises get rid of the dilemma of managerial slack and improve refined management capacity.

2. Evolution Process of Enterprise Managerial Slack

The stable operation of an enterprise management system relies on a complete closed-loop mechanism of regular inspection, dynamic adjustment and problem rectification. Predictable minor management problems are inherently controllable. However, affected by human inertia and complacency, managers are reluctant to spend time and energy on trivial affairs and weaken routine error correction. Minor problems keep deteriorating step by step, break the stability of the governance system, exceed the tolerance threshold of the enterprise management system, and trigger overall systematic governance instability, which disturbs operational order and reduces management efficiency.

According to the formation characteristics and evolution degree of managerial slack, the whole process of management failure can be divided into four progressive stages. Problems worsen stage by stage, which fully reflects how neglected minor problems evolve into systematic governance risks due to managerial slack. The evolution process is shown in Fig. 1.

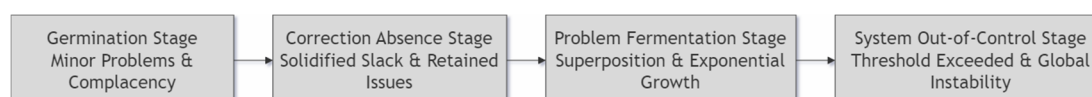


Fig 1. Four-stage Progressive Evolution of Managerial Slack

2.1. Germination Stage: Complacency and Neglect of Minor Problems

In daily enterprise operation, minor problems including non-standard process execution, irregular post operation and inadequate detailed control are widespread. These problems are small, hidden and cause no immediate harm. Managers can clearly identify such problems and are able to rectify them. Nevertheless, due to trivial work, high supervision cost and no short-term tangible benefits, managers easily become complacent and reluctant to take charge. They tend to tolerate and ignore these problems rather than carry out rectification.

Most enterprises lack refined and quantified process control standards and clear constraints on minor trivial problems. This further encourages the slack mindset that minor problems do not need governance efforts. A large number of controllable minor management problems remain unsolved for a long time, laying hidden dangers for subsequent risk escalation and governance instability.

2.2. Correction Absence Stage: Solidified Slack and Broken Management Closed Loop

This stage is the critical turning point when the enterprise management system changes from stability to instability. A long-term stable operating environment weakens managers' awareness of refined governance and proactive risk prevention, and further solidifies their complacency and inertia. A passive governance logic that no accidents or losses mean compliance and it is better to avoid extra work gradually takes shape.

Managers subjectively neglect predictable minor problems and believe such issues will not affect overall operation. The internal motivation for active inspection, pre-emptive rectification and dynamic adjustment is severely insufficient. The combination of subjective managerial slack and inadequate objective control standards breaks the routine error correction chain. The inherent self-repair and dynamic adjustment functions of the enterprise management system fail. Various minor problems continue to accumulate and gradually turn into cumulative governance hazards.

2.3. Problem Fermentation Stage: Surge of Risks Caused by Overlapping Problems

After the stages of slack neglect and correction absence, isolated minor management problems begin to interact and spread within the enterprise, entering the concentrated fermentation stage. Different from the slow accumulation and limited influence in the previous two stages, hidden risks in this stage show linkage, transmission and amplification. Due to business connection between departments and posts, individual management loopholes spread to related links and

produce new management deficiencies and performance problems.

From the perspective of internal control operation, routine error correction can block problem transmission in a timely manner, eliminate existing minor risks and maintain stable management. However, when managerial slack is solidified and managers are unwilling to take initiative in rectification, routine error correction becomes perfunctory. Existing hidden risks cannot be removed in time. New and old problems overlap with each other and continuously increase risk severity. [3]

No obvious management crisis breaks out at this stage, and daily operation remains stable. The hidden risks are highly concealed and easily ignored by managers, who continue to allow minor problems to spread. This is also the last stage for enterprises to conduct low-cost intervention and prevent overall management failure.

2.4. System Out-of-Control Stage: Overall Governance Chaos Beyond Tolerance Threshold

Each enterprise has its own management tolerance range matching its institutional system, staffing and internal control capacity, which defines the boundary between controllable and uncontrollable management. Within the tolerance range, enterprises can solve various management problems through internal inspection, hierarchical rectification and daily supervision to maintain stable management.

As overlapping problems keep spreading in the fermentation stage, cumulative hidden risks gradually exceed the enterprise's management tolerance capacity. The internal control mechanisms including self-rectification, dynamic restriction and closed-loop supervision completely fail, and the system enters the out-of-control stage. Minor problems previously hidden in processes and posts are fully exposed. A series of management disorders emerge, such as lax process implementation, perfunctory work performance, ineffective hierarchical supervision and weakened internal control, breaking the original management order.

The management damage at this stage is irreversible. Conventional detailed rectification and temporary supervision cannot restore the management system, and the rectification difficulty and governance cost increase greatly. Only comprehensive optimization and restructuring from the institutional, cognitive and assessment perspectives can gradually restore enterprise management order and recover systematic management losses.

3. Core Causes of Managerial Slack and Ineffective Error Correction

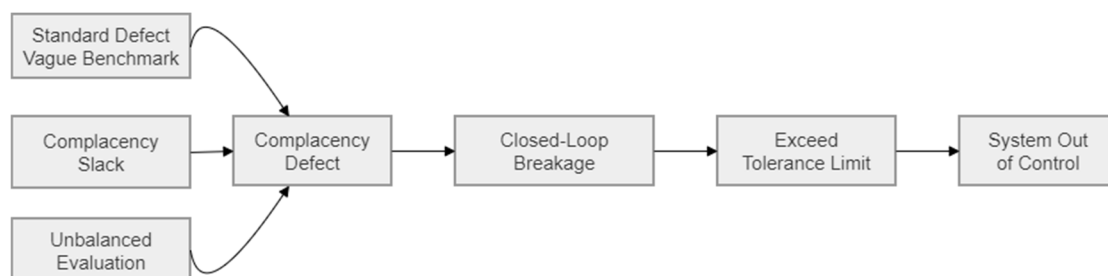


Fig 2. Three Core Causes of Managerial Slack and Ineffective Error Correction

According to the problem evolution rule, the continuous neglect of minor management problems, failure of dynamic error correction mechanism and systematic management failure are not accidental partial governance problems. They result from the combined effect of three factors: backward control standards, biased governance cognition and imbalanced assessment mechanisms. Various governance deficiencies interact with each other, leading to the continuous failure of routine process control and breaking the stability of the management system. These three factors jointly weaken the self-repair capacity of the enterprise system and eventually trigger systematic management risks. The logical transmission is shown in Fig. 2.

3.1. Deficient Control Standards Leading to Unclear Problem Judgment

Most enterprises have not established a refined, quantified and implementable full-process control standard system. Daily management norms are mostly general qualitative statements, lacking clear definition of minor problems, post operation boundaries and governance red lines.

Ambiguous control standards make managers lack clear basis to judge minor, trivial and harmless problems, and difficult to define rectification responsibilities and control requirements. Thus the governance of minor problems becomes arbitrary, which encourages complacency and slackness. Slack governance behaviors arise from the source and lead to continuous accumulation of minor problems. [4]

3.2. Cognitive Deficiencies Weakening Proactive Risk Prevention Awareness

A long-term stable operating environment weakens managers' awareness of refined governance and risk prediction, and breeds complacency, inertia and slackness. A common biased cognition in enterprise management is prioritizing final results over process standards and post-event remedy over pre-event prevention. Managers focus excessively on explicit performance and major governance issues, while ignoring the cumulative and lagging risks of trivial problems. They one-sidedly believe that trivial matters causing no losses or disorders do not need rectification, thus forming long-term managerial slack of avoiding complicated work and neglecting supervision.

The lack of awareness for active inspection, proactive control and timely error correction makes minor management problems remain unsolved for a long time and gradually evolve into systematic hidden risks.

3.3. Imbalanced Assessment System Weakening Restriction on Daily Process Control

The existing performance appraisal system of enterprises has obvious structural imbalance. Assessment focuses heavily on explicit indicators such as operational performance and final governance results, while lacking corresponding indicators and rigid institutional constraints for trivial and time-consuming process work including minor problem inspection, process standard implementation and routine detailed control.

Defective institutional design leads to insufficient internal governance motivation. Both managers and grassroots employees prioritize results over processes. They tend to be

slack and perfunctory when dealing with trivial daily control work, making the routine error correction mechanism ineffective. A vicious cycle of continuous problem generation, widespread managerial slack and spreading negative attitudes is formed.

4. Governance Countermeasures to Eliminate Endogenous Managerial Slack and Block Risk Accumulation

Different from conventional superficial institutional rectification, the managerial slack discussed in this paper does not result from insufficient management ability or incomplete systems. It refers to subjective governance dereliction caused by three endogenous weaknesses: complacency in a stable environment, inertia toward trivial work, and responsibility evasion under unreasonable assessment orientation. Simply improving control standards and carrying out regular publicity cannot fundamentally solve slack problems. Based on the core logic of restraining complacency, reducing supervision burden and binding responsibilities, this paper constructs a joint governance system of burden reduction, cognitive correction and responsibility clarification, so as to eliminate managers' neglect and solve the persistent governance problem of knowing hidden risks but taking no action.

4.1. Streamlined Supervision to Eliminate Slack Caused by Work Inertia

Managers' slack of avoiding complicated work does not lie in unwillingness to perform duties. Instead, it results from fragmented minor problems, complicated supervision procedures and imbalance between governance input and performance returns, which makes managers tend to avoid trivial work. Therefore, governance should focus on refined classification and burden reduction rather than blindly increasing supervision workload.

First, establish a classified list of hidden risks to distinguish fatal risks, general risks and routine trivial risks, and implement differentiated supervision intensity to reduce invalid trivial work. Second, simplify the closed-loop procedures at the grassroots level, streamline the approval process for reporting, rectification and review of minor problems, and promote on-site rectification and simplified account management to cut administrative costs. Third, clarify the supervision responsibilities of each post, modularize and normalize trivial supervision work, eliminate managers' excuses of being overwhelmed by affairs, and fundamentally remove the inertia of avoiding complicated work.

4.2. Consequence-oriented Cognitive Intervention to Eliminate Complacency

Complacency is the core subjective cause of managerial slack. Managers only see no immediate losses but ignore the lagging risks of accumulated minor problems, forming the one-sided judgment that no accidents mean no risks. Regular warning education has limited effects, so targeted intervention focusing on consequence awareness is required.

First, establish internal archives of accidents caused by managerial slack, and review cases where long-neglected minor problems eventually lead to management disorders, so as to correct managers' wrong judgment. Second, visualize

and publicize the management tolerance threshold, and regularly release the number of unresolved problems and risk warning lines of each department to make lagging risks perceptible. Third, change the governance value orientation, abandon the performance-only concept, and establish the philosophy that dereliction of supervision is more serious than minor operational errors [5]. Tolerate accidental minor operational mistakes, but never condone deliberate neglect of known hidden risks.

4.3. Responsibility-bound Assessment to Improve Full-process Error Correction Mechanism

The original assessment system only rewards performance but restrains no slackness, which makes managers give up process error correction to save energy and avoid trivial work. This is a deficiency of institutional constraint. First, reconstruct a two-way performance appraisal system, add accountability items for slack supervision and incentive items for rectifying minor problems. Impose zero tolerance on deliberate neglect of hidden risks, and give performance rewards to staff who take initiative in solving trivial risks and conducting routine error correction, so as to balance supervision efforts and returns.

Second, implement retrospective accountability system for managerial slack. If accumulated minor problems trigger management disorders afterwards, investigate and hold accountable managers who neglected hidden risks in the early stage to eliminate the space for responsibility evasion. Third, build a hierarchical linkage mechanism for error correction. Senior management should abandon the mindset of prioritizing results over processes. Middle managers shall fulfill supervision responsibilities for daily minor issues, and grassroots staff shall complete timely rectification. Form hierarchical checks and balances to prevent overall managerial slack and build a full-line defense for error correction.

5. Conclusion

The prevalence of minor management problems is an inherent feature of enterprise dynamic operation. Such predictable, controllable and rectifiable problems cause no immediate destructive harm, but are usually trivial and time-consuming, which easily trigger managers' complacency and slackness. This is the fundamental premise for the formation of progressive governance dilemmas. The key to long-term stable enterprise governance is not to pursue absolutely flawless management, but to eliminate subjective slackness, correct complacent neglect, and build a scientific and effective dynamic closed-loop error correction mechanism.

Based on the logic of enterprise routine governance, this paper constructs a four-stage evolution framework of managerial slack, systematically explains the formation mechanism of progressive management failure, and clarifies the core causes of spreading slackness and ineffective error correction. The research verifies that the combined imbalance of ambiguous control standards, biased governance cognition and imbalanced assessment mechanisms breaks the enterprise management closed loop, leads to exponential accumulation of minor problems, exceeds the governance tolerance threshold, and finally causes systematic management collapse.

All kinds of cumulative governance risks of enterprises are predictable, preventable and governable, rather than uncontrollable emergent crises. Enterprises must establish quantified control standards, rectify refined governance cognition, and improve full-process closed-loop error correction mechanisms to address deficiencies in process governance, restrain human tendencies toward slackness, and eliminate routine managerial slack. Realizing full-cycle supervision and dynamic elimination of minor problems helps enterprises resolve the paradox that trivial problems accumulate into major hazards and managerial slack triggers severe risks. It also promotes the transformation of corporate governance from passive post-event remediation to proactive pre-emptive prevention, stabilizes daily operational order, and supports sustainable and sound enterprise development.

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