

# MANAGERIAL DECISION-MAKING AS A SOCIO-PSYCHOLOGICAL COMPETENCE OF THE CONTEMPORARY LEADER: ETHICAL RESPONSIBILITY, COGNITIVE REFLECTION AND ORGANIZATIONAL TRUST

L. S. Tursunov

Associate Professor, Department of Psychology of Religion and Pedagogy,  
Candidate of Pedagogical Sciences, International Islamic Academy of Uzbekistan,  
Uzbekistan

## Abstract

The article analyzes managerial decision-making as a socio-psychological competence of the contemporary leader. Unlike purely administrative interpretations, the article treats decision-making as a process that integrates cognitive reflection, ethical responsibility and relational trust. The theoretical argument is based on classical decision-making theory, leadership psychology and recent regional studies on management psychology. The article shows that managerial decisions affect not only organizational outcomes but also employee expectations, institutional legitimacy and the psychological climate of implementation. Special attention is paid to bounded rationality, cognitive biases, ethical legitimacy, psychological safety and trust as conditions of responsible leadership. A three-dimensional model of responsible managerial decision-making is proposed: analytical clarity, ethical orientation and communicative implementation. The model may be used in leadership training, higher education management and organizational consulting. The paper concludes that management psychology should develop leaders who can make decisions under uncertainty while preserving fairness, transparency and human sensitivity.

**Keywords:** Management psychology, leadership, decision-making, ethical responsibility, cognitive reflection, organizational trust, psychological safety.

## Introduction

Managerial decision-making has become one of the most sensitive areas of contemporary organizational life because every decision links the cognitive resources of a leader with the expectations, trust and well-being of other people. In classical administrative theory, a managerial decision was often treated as a rational choice between available alternatives. In modern management psychology, however, the decision is understood as a complex socio-psychological act: it is shaped by bounded rationality, personal responsibility, values, organizational culture, group influence, time pressure and the leader's ability to transform information into collective action. This broader view is especially important for educational,



public and social institutions where the consequences of decisions are not limited to economic indicators but affect human development and institutional legitimacy.

The relevance of the topic is strengthened by the increasing speed of social change. Leaders are required to respond to uncertainty, contradictory information and emotional pressure while maintaining fairness, transparency and responsibility. Theories of bounded rationality emphasize that decision makers never possess complete information and rarely have unlimited time for analysis (Simon, 1997). Cognitive psychology adds that even competent managers may rely on heuristics, overconfidence or framing effects under uncertainty (Kahneman, 2011; Tversky & Kahneman, 1974). Management psychology therefore must ask not only how leaders choose, but also how they preserve ethical reflection, human sensitivity and organizational trust while choosing.

This theoretical article analyzes managerial decision-making as a socio-psychological competence of the contemporary leader. The central argument is that effective managerial decision-making requires the integration of three mutually reinforcing dimensions: cognitive reflection, ethical responsibility and relational trust. Cognitive reflection enables the leader to evaluate alternatives critically; ethical responsibility connects decisions with human consequences; relational trust creates the psychological conditions in which decisions can be implemented without destructive resistance. The article synthesizes international leadership literature with the management-psychological studies of A.S. Nazarov, whose works emphasize the socio-psychological and organizational characteristics of decision-making in leadership activity.

### Methodological approach

The article uses a narrative theoretical review and conceptual synthesis. It does not present empirical findings and does not claim survey, interview or experimental data. The literature was selected according to its relevance to decision-making, leadership psychology, organizational trust, ethical responsibility and socio-psychological mechanisms of managerial behavior. Classical sources such as Simon's theory of administrative behavior, Janis's analysis of groupthink, Kahneman's work on cognitive biases and Vroom and Yetton's leadership decision model provide the conceptual basis. Contemporary sources on authentic leadership, psychological safety and organizational culture are used to connect decision-making with institutional practice.

The article also relies on regional scholarship on management psychology, especially works by Nazarov that analyze managerial decision-making as a central competence of leadership, the psychological foundations of decision strategies and socio-psychological mechanisms of improving decision-making in managerial activities. These studies are relevant because they interpret managerial decision-making not only as a technical managerial procedure but also as a psychological and cultural process. Such integration allows the development of a framework that may be useful for higher education institutions, public organizations and leadership training programs.



### **Managerial decision-making as a socio-psychological act**

A managerial decision is not simply an intellectual conclusion. It is a socially embedded act that changes relations, redistributes responsibility and activates the expectations of subordinates. When a leader makes a decision, employees evaluate not only the content of the decision but also the procedure through which it was made. Was information collected fairly? Were relevant stakeholders heard? Were risks communicated honestly? Were alternative options considered? These questions show that decision quality cannot be reduced to technical efficiency alone. From a socio-psychological perspective, decision quality includes cognitive adequacy, procedural justice and motivational acceptability.

The socio-psychological nature of decision-making is visible in three processes. First, a decision constructs meaning: it explains which problem is important and why action is required. Second, a decision creates expectations: employees begin to predict what behavior will be rewarded, tolerated or criticized. Third, a decision shapes identity: members of the organization learn what kind of institution they belong to. If decisions are arbitrary, people interpret the organization as unsafe and unpredictable. If decisions are transparent and value-based, people are more likely to perceive the organization as trustworthy and psychologically stable.

Nazarov's studies on decision-making in management activity highlight that leadership decisions are influenced by individual personality traits, organizational mechanisms and the leader's capacity for conscious choice. This position corresponds with modern leadership theory: managerial competence includes not only professional knowledge but also the ability to regulate motives, communicate decisions and maintain consistency between declared values and actual behavior. Therefore, decision-making should be interpreted as a competence that can be developed through training, reflective supervision and institutional feedback.

### **Cognitive reflection and bounded rationality**

Cognitive reflection is the leader's capacity to move beyond the first intuitive answer and to examine whether the initial interpretation of a problem is accurate. In decision-making, intuition is not necessarily negative. Experienced leaders often recognize patterns quickly and can act effectively in familiar situations. Nevertheless, intuition becomes risky when the situation is novel, emotionally charged or strategically complex. The leader may then confuse familiarity with accuracy, confidence with evidence or speed with competence. For this reason, cognitive reflection is a protective mechanism against premature closure.

Bounded rationality explains why leaders must design decision procedures rather than rely only on personal intelligence. A leader is limited by time, attention, available information, cognitive capacity and institutional constraints. The practical conclusion is clear: a high-quality decision process should include problem definition, stakeholder analysis, evidence collection, alternative generation, risk assessment, ethical evaluation, decision communication and follow-up monitoring. These stages do not eliminate uncertainty, but they reduce the probability of impulsive or biased action.

Cognitive biases also influence managerial decisions. Confirmation bias may lead leaders to search for information that supports a preferred option. Anchoring may cause excessive dependence on the first estimate or first interpretation. Availability bias may exaggerate recent



or emotionally vivid events. Status quo bias may prevent necessary innovation. Management psychology should not treat these biases as individual weaknesses only; it should consider how organizational culture either strengthens or reduces them. A culture that punishes dissent intensifies bias, whereas a culture that allows respectful disagreement improves cognitive reflection.

### **Ethical responsibility and decision legitimacy**

Ethical responsibility is the second central dimension of managerial decision-making. A decision may be technically efficient but ethically insufficient if it ignores dignity, fairness, transparency or long-term human consequences. In educational institutions, for example, decisions about staff evaluation, student discipline, workload distribution or digital monitoring may create psychological stress if they are implemented without explanation and consultation. The leader's task is to connect administrative necessity with moral responsibility.

Ethical decision-making does not mean avoiding difficult choices. Responsible leadership often requires decisions that are unpopular in the short term. However, even difficult decisions become more legitimate when they are based on transparent criteria, communicated respectfully and connected with institutional mission. Legitimacy is a psychological resource: it helps members accept decisions even when they do not fully benefit from them. Without legitimacy, implementation becomes dependent on pressure, fear or formal authority, which weakens long-term commitment.

The ethical aspect of management psychology is particularly important in societies undergoing rapid modernization. Leaders face the challenge of combining innovation with cultural sensitivity, efficiency with justice and institutional control with respect for human individuality. Decision-making becomes psychologically mature when the leader asks not only 'What can be done?' but also 'What should be done, and what consequences will it have for people?' This reflective question transforms managerial choice into responsible leadership.

### **Relational trust and implementation of decisions**

Even the most carefully designed decision can fail if people do not trust the decision maker. Trust functions as a psychological bridge between decision and implementation. Employees are more willing to accept change when they believe that the leader is competent, honest and benevolent. Conversely, low trust forces leaders to spend more resources on control and correction. Trust therefore has practical value: it reduces defensive behavior, increases openness and supports coordinated action.

Relational trust is created through repeated experiences. Leaders build it when they listen before deciding, explain the logic of decisions, admit uncertainty, correct mistakes and avoid double standards. A single decision can either strengthen or weaken this accumulated trust. The psychological mechanism is simple: people generalize from concrete managerial acts to expectations about future acts. If a leader repeatedly makes decisions that appear manipulative, employees anticipate manipulation even when a later decision is objectively reasonable.

Psychological safety is closely connected with trust. In psychologically safe environments, employees can express concerns, report errors and propose alternatives without fear of



humiliation. This does not mean that all opinions must be accepted; it means that information can circulate before the decision is finalized. Edmondson (2019) argues that psychological safety is essential for learning organizations. In management decision-making, it protects leaders from informational isolation and prevents groupthink.

### A three-dimensional model of responsible managerial decision-making

The synthesis of the above ideas allows the proposal of a three-dimensional model of responsible managerial decision-making. The first dimension is analytical clarity: the leader defines the problem, distinguishes facts from assumptions and evaluates alternatives. The second dimension is ethical orientation: the leader assesses fairness, human consequences and consistency with institutional values. The third dimension is communicative implementation: the leader explains the decision, invites feedback and monitors outcomes. The model is not a rigid algorithm but a reflective map for decision culture.

Table 1 summarizes the model and its practical meaning for leadership development.

**Table 1. Conceptual summary**

| Dimension                    | Core question                                      | Psychological function                        | Practical indicator                                                         |
|------------------------------|----------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------|
| Analytical clarity           | What exactly is the problem?                       | Reduces cognitive bias and impulsivity        | Evidence, alternatives and risks are recorded before action                 |
| Ethical orientation          | Who will be affected and how?                      | Connects decision with fairness and dignity   | Human consequences and institutional values are explicitly considered       |
| Communicative implementation | How will people understand and enact the decision? | Transforms formal decision into shared action | The decision is explained, feedback is collected and outcomes are monitored |

### Practical implications for leadership development

The proposed model has several implications for leadership training. First, decision-making should be taught as a psychological competence, not only as a managerial technique. Training programs should include cognitive bias awareness, problem-framing exercises, scenario analysis and ethical dilemma discussions. Second, leaders should practice reflective communication: they must learn how to explain decisions without bureaucratic language and how to receive criticism without defensive reactions. Third, institutions should develop feedback systems that allow decision outcomes to be evaluated after implementation.

Higher education institutions can apply this model in the preparation of department heads, deans, academic coordinators and administrative managers. Leadership seminars may use case studies from academic life: conflict between departments, workload allocation, student complaints, staff motivation, quality assurance and digital transformation. Each case should require participants to identify cognitive assumptions, ethical risks and communication

strategies. Such training strengthens not only individual leaders but also the decision culture of the institution.

### Conclusion

Managerial decision-making is a core competence of contemporary leadership because it unites cognition, values and social relations. The leader who makes decisions without reflection risks cognitive error; the leader who makes decisions without ethics risks injustice; the leader who makes decisions without trust risks implementation failure. A responsible decision culture therefore requires analytical clarity, ethical responsibility and communicative trust. Management psychology can contribute to this culture by developing theoretical models, training methods and institutional practices that help leaders make decisions under uncertainty without losing human sensitivity.

The theoretical analysis presented in this article shows that decision-making should be understood as a socio-psychological act rather than a purely administrative procedure. Such an understanding is particularly relevant for educational and public institutions, where decisions shape not only organizational performance but also personality development, social cohesion and confidence in professional leadership.

Nevertheless, the theoretical value of the model lies in its integrative character. It shows that responsible decision-making cannot be achieved by cognitive training alone, ethical instruction alone or communication skills alone. These elements must be combined. The leader should think clearly, choose responsibly and communicate respectfully. Only then can managerial decision-making become a socio-psychological competence that supports both organizational effectiveness and human development.

The proposed model is theoretical and requires further empirical testing. Future studies may examine how analytical clarity, ethical orientation and communicative implementation predict employee trust, motivation and acceptance of change. Comparative research may also investigate whether the model functions differently in educational, governmental and business organizations. Another promising direction is the study of cultural variables. Decision legitimacy may be interpreted differently across cultural contexts, especially in societies where respect for authority, collectivist expectations and religious or moral values play an important role.

### Limitations and future theoretical development

For this reason, leadership development should include trust diagnostics. Institutions can periodically assess whether staff understand the reasons for important decisions, whether they perceive decision procedures as fair and whether they feel able to communicate concerns. Such data do not replace managerial judgment, but they provide feedback about the psychological consequences of leadership practice. In modern organizations, trust is not an abstract moral category; it is an operational resource for coordination, innovation and resilience.

Three forms of trust are especially relevant. Cognitive trust is based on perceived competence: people believe that the leader understands the situation and can evaluate evidence. Moral trust is based on integrity: people believe that the leader does not manipulate information for



personal advantage. Relational trust is based on respect: people believe that the leader sees them as persons rather than as instruments. A responsible decision culture should support all three forms. Technical competence without integrity can become manipulation, integrity without competence can produce ineffective decisions, and competence without respect can produce alienation.

Trust should be treated as an outcome of decision culture rather than only as a personal feeling toward a leader. Organizational trust emerges when members repeatedly observe that decisions are consistent, explainable and fair. In this sense, trust is cumulative. It is strengthened by small acts of procedural justice and weakened by repeated contradictions between declared values and real practices. A leader cannot simply demand trust; it must be produced through decision behavior.

### **Organizational trust as an outcome of decision culture**

A practical instrument for improving decision style is reflective documentation. Before important decisions, leaders may write a short decision memo containing the problem definition, available evidence, assumptions, alternatives, ethical risks and implementation plan. This memo is not intended to increase bureaucracy; it externalizes thinking and makes hidden assumptions visible. When leaders repeatedly use such documentation, they develop metacognitive awareness. They begin to see patterns in their own decision behavior, including typical biases and emotional triggers.

Decision style is therefore a practical target for professional development. Leaders should be helped to identify whether they tend to overanalyze, avoid responsibility, act impulsively, centralize information or delegate without control. Each style contains strengths and risks. Analytical leaders may protect organizations from superficial choices, but they can also delay action. Intuitive leaders may act quickly in familiar situations, but they can ignore weak signals. Participative leaders may build commitment, but they may lose clarity if participation is not structured. Directive leaders may be effective in emergencies, but they can damage trust when every situation is treated as a crisis. The task is not to impose one universal style but to develop situational flexibility.

The personality of the leader mediates the relationship between formal authority and the real quality of decision-making. Two leaders may work under the same rules and have access to the same information, yet they can make very different decisions because they differ in tolerance of ambiguity, need for control, openness to feedback, emotional stability and moral courage. Management psychology does not reduce leadership to personality traits, but it recognizes that stable personal dispositions influence how leaders interpret problems and respond to pressure. A leader with high defensiveness may treat disagreement as a threat, whereas a reflective leader may treat disagreement as additional information. A leader with an excessive need for approval may postpone necessary but difficult decisions, whereas a responsible leader can distinguish popularity from legitimacy.



## Personality factors and decision style

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### Note on research design

This manuscript is designed as a theoretical and analytical article. It does not report newly collected empirical data; therefore, no statistical results, respondent characteristics or institutional survey outcomes are claimed.

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