Bright ideas.
Sustainable change.

The knowing-doing delusion

Why we acknowledge the sustainability crisis but still do not act

The paradox of our time

We are living through an era defined by contradiction. On one hand, never before has there been such widespread access to knowledge about the state of our planet and the risks facing society. Climate change, biodiversity loss, growing inequality and unsustainable resource use are no longer fringe concerns or distant projections. They have become well-documented, broadly acknowledged and, in many cases, formally integrated into corporate strategy, financial disclosures and investment frameworks.

Yet on the other hand, the pace and scale of real-world action remains strikingly out of step with this awareness. Despite knowing that greenhouse gas emissions must fall dramatically within this decade, global emissions continue to rise, despite recognising the need to protect natural ecosystems, land degradation and species loss continue at alarming rates, despite corporate pledges to embed sustainability, many core business practices remain structurally misaligned with planetary boundaries and social equity.

The paradox is not subtle but front and centre. We know yet we fail to act or, more accurately, we acknowledge and yet continue to operate in ways that contradict what that acknowledgement demands.

This white paper seeks to understand why, despite unprecedented awareness, we find it so difficult to align behaviour with belief, why we speak one truth yet act out another and why, even as the evidence becomes harder to ignore, the response remains fragmented, conditional and often performative.

It is a reflection on organisations as collective entities and on the individuals within them including employees, managers, advisors and investors who, knowingly or unknowingly, contribute to the maintenance of systems that fall short of the transformation we claim to seek.

> "The purpose is not to assign blame or offer easy solutions but rather explore why this persistent gap between knowing and doing exists particularly within the worlds of business and investment"

What follows herein examines the deeper forces that shape organisational behaviour such as the psychological habits, cultural narratives and institutional structures that can make real change feel slow, uncertain or even impossible. This is an attempt to understand what holds us back and what it would take to move forward with greater integrity.

Rational on the surface, contradictory at the core

To understand the nature of this knowing–doing gap, it is helpful to consider how organisations typically process and respond to sustainability challenges. From the outside, companies often appear highly rational. They monitor environmental trends, commission risk assessments, publish ESG reports and build scenario models. They engage with stakeholders, consult regulatory forecasts and update governance frameworks in line with emerging expectations. From a procedural standpoint, the system appears responsive.

But beneath this surface-level rationality lies a more complex dynamic, one where the outputs of analysis and the imperatives of decision-making are often deeply misaligned. It is not uncommon to see companies acknowledge, with sincerity, the systemic threats posed by climate change or ecosystem degradation only to continue investing in supply chain models and operational footprints that are fundamentally at odds with a sustainable trajectory.

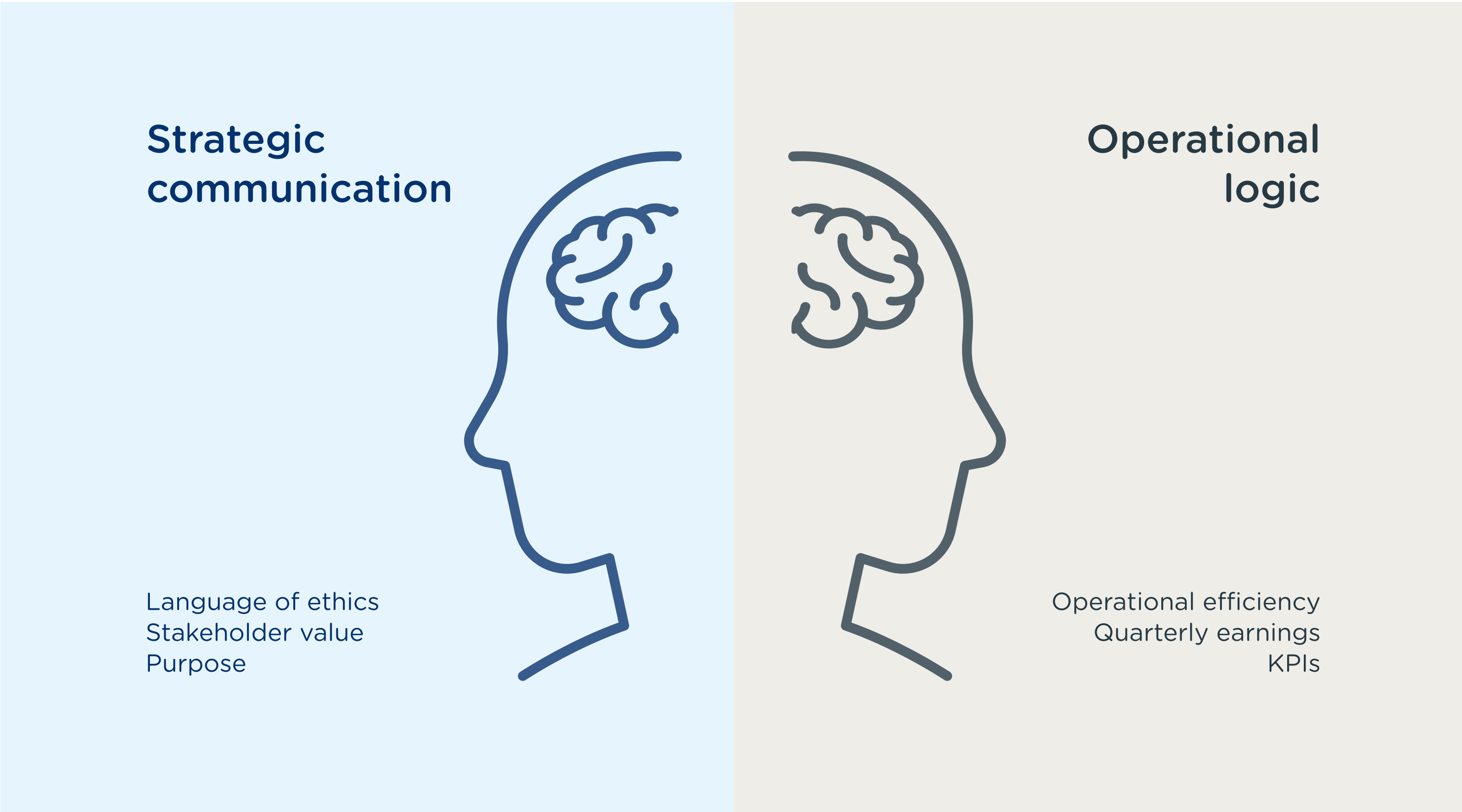
This is not necessarily a matter of hypocrisy or negligence. In many cases, it is the product of an organisational logic that is structured to accommodate sustainability but only within certain boundaries. Invariably, those boundaries are defined by financial return horizons, market competitiveness, investor expectations or internal power dynamics. Sustainability is integrated, but only to the extent that it does not disrupt the core assumptions or revenue drivers of the business.

This tension is often rationalised internally. Sustainability teams are told to "focus on what's feasible". Executives emphasise the need to balance ambition with pragmatism. Strategy departments quietly assume that growth must remain non-negotiable. The result is a kind of institutional schizophrenia, where different parts of the organisation operate on conflicting premises, one guided by the urgency of planetary limits, the other by the inertia of traditional economic logic.

In this environment, language becomes a tool of accommodation. Terms like "sustainable growth", "just transition" and "net zero pathways" allow companies to gesture toward transformation without explicitly confronting the trade-offs it might entail. This is not to say such terms are inherently meaningless but rather that they are often deployed in ways that defer rather than define change.

What emerges is a system in which sustainability is embraced rhetorically, partially implemented procedurally and structurally subordinated to pre-existing business logic. The contradiction is not hidden but embedded, institutionalised and frequently reinforced by external pressures to appear proactive without disrupting the bottom line.

Institutional schizophrenia
When strategy and action speak different languages



Institutional schizophrenia describes the internal fragmentation within organisations where different parts of the business operate on conflicting assumptions particularly around sustainability.

It is the coexistence of progressive narrative and regressive practice within the same entity.

Explanation

In organisations experiencing institutional schizophrenia, sustainability is often positioned as a strategic priority referenced in vision statements, leadership speeches and investor communications. Yet at the same time, core operational or investment decisions continue to be made based on short-term financial logic, historical growth models and outdated risk assumptions.

This split reality can lead to confusing internal signals in that sustainability teams push for transformative goals, while business units are measured on KPIs that reward volume, cost-cutting or speed to market. One part of the organisation talks about net zero, regenerative supply chains or just transitions while another signs off on resource extraction, high-carbon assets or opaque value chains.

The effect is a kind of corporate doublethink. The organisation does not deny sustainability imperatives, it simply compartmentalises them. This fragmentation makes alignment difficult, accountability diffuse, and transformation slow. When this disconnect persists over time, it breeds cynicism, undermines trust and reinforces the idea that sustainability is more theatre than strategy.

Understanding the inaction Psychological and organisational logics

To move beyond this contradiction, we must first understand it. The persistence of inaction despite acknowledgement is not unique to organisations. It is a deeply human phenomenon, one rooted in psychology, culture and systems of belief.

Organisations are, after all, made up of people and people, however rational they may appear, are governed by a range of cognitive biases, emotional responses and social dynamics that shape how they interpret and act upon information. Below are some such dynamics that help explain why sustainability inaction persists even in the face of overwhelming knowledge.

The moral licensing effect

One common pattern is what psychologists refer to as moral licensing. This is the tendency for individuals or institutions to use minor positive actions as a justification for avoiding more significant change. In the context of sustainability, moral licensing often manifests as the celebration of small improvements such as reducing plastic packaging or installing solar panels on headquarters while avoiding more fundamental shifts in product design, resource use or business purpose.

This effect is amplified in corporate settings where sustainability initiatives are often framed as a series of incremental "wins." While such actions can certainly be steps in the right direction, they also risk becoming a substitute for systemic thinking. By focusing on what is achievable without disruption, companies may unconsciously reinforce the idea that progress can be made without sacrifice or structural change.

The problem is not with small steps themselves, but with the framing of those steps as sufficient. When organisations use minor achievements to bolster their ethical credibility, they may become less willing or less able to engage in the deeper, more uncomfortable conversations about what sustainability really requires.

System justification bias

Another powerful psychological dynamic is the system justification bias, the tendency to defend and rationalise existing social, economic and institutional arrangements, even when they are manifestly flawed. This bias helps explain why people, including those in positions of influence, often resist calls for systemic change.

In corporate environments, this bias is particularly acute. Executives and investors have often built their careers within a particular economic paradigm, one that equates growth with success. To question that paradigm is not just to challenge policy or strategy, it is to challenge identity, legitimacy and in many cases, personal self-worth.

As a result, many decision-makers approach sustainability not as a call to reimagine the system, but as a mandate to improve it incrementally. They seek ways to "make the business more sustainable" without asking whether the business, in its current form, can be aligned with a sustainable future at all.

Temporal discounting and strategic inertia

Human beings are wired to prioritise short-term outcomes over long-term consequences, a phenomenon known as temporal discounting. This is especially problematic in the context of climate change and biodiversity loss, where the most severe impacts lie years or decades into the future while the costs of action are felt immediately.

In corporate settings, this bias is reinforced by structural incentives such as quarterly earnings reports, annual performance reviews and election cycles all of which encourage short-term thinking. Even when leadership teams understand the long-term risks, they feel constrained by the need to deliver immediate results to shareholders, boards or markets.

The consequence is a form of strategic inertia, where change is delayed not because it is unnecessary or unviable, but because the timing does not align with current reward systems. This dynamic is particularly visible in sectors like energy, agriculture and finance, where the upfront investments required for transition are significant, but the long-term benefits (and avoided costs) are diffuse and delayed.

Normalcy bias
The illusion that tomorrow will look like today

Normalcy bias is the cognitive tendency to underestimate the likelihood and severity of disruptive events, leading people and organisations to assume that the future will resemble the recent past, even when evidence points to escalating systemic risk.

Explanation
In a corporate context, normalcy bias manifests as a refusal, often unconscious, to accept that deep, structural change is necessary. Despite mounting climate data, ecological tipping points and regulatory shifts, many organisations continue planning for a future that looks much like the present, just with incremental improvements.

This bias fuels optimism in legacy strategies, overconfidence in market resilience and underinvestment in transformation. It supports the belief that existing models can simply be tweaked to meet sustainability goals, rather than fundamentally rethought. It also fosters delayed responses because radical action seems disproportionate or premature until it is too late.

Breaking through normalcy bias requires confronting the possibility that the next decade will not be a linear extension of the last. It demands foresight, courage and the willingness to build for a future shaped by discontinuity, not continuity.

The cultural foundations of corporate paralysis

Beyond cognitive biases and decision-making frameworks lies another layer of influence, one that is less visible, more ambient, but equally powerful - culture.

Culture, in this context, refers not only to national identity or organisational values, but to the deep-seated narratives that shape how we interpret progress, responsibility, success and risk. These narratives are not often made explicit in strategic plans or investment memos, yet they shape the mental scaffolding upon which decisions are made. They determine what is seen as normal, desirable, inevitable or unthinkable.

The narrative of linear progress

One of the most dominant cultural forces at play in sustainability inaction is the narrative of linear progress. It is the belief, often implicit, that the arc of development naturally trends toward improvement. That innovation will solve problems. That markets will self-correct. This narrative is comforting. It reassures us that while sustainability is important, it is not urgent, that while risks are real, they are manageable and that the future will, in some form, resemble the past just cleaner, smarter, greener.

This faith in continuity makes it difficult to accept disruption as a necessity. It encourages a mindset of accommodation rather than transformation. Companies begin to frame sustainability as something that can be integrated into existing business models without questioning those models themselves. Investors seek "green growth" without confronting whether growth, as currently pursued, is itself part of the problem. The idea that some industries may need to shrink, some practices to cease or some assets to be stranded becomes not just controversial, it becomes almost culturally unintelligible.

The technological fix

Alongside this sits the myth of the technological fix. This is the belief that innovation will inevitably deliver solutions that allow us to maintain current lifestyles and economic trajectories with minimal change to underlying behaviours or structures. Clean energy will replace fossil fuels, precision agriculture will solve food insecurity, carbon removal will cancel out emissions etc. etc. These innovations, while valuable, are often treated as inevitabilities rather than contingencies. They are assumed to arrive at scale, on time, and without unintended consequences. The result is a collective deferral of responsibility, a sense that while action is needed, it can wait until the tools are more convenient or the trade-offs less severe.

Cultural bias toward individualism

Finally, there is the cultural bias toward individualism. Sustainability is frequently framed as a matter of personal choice such as recycling, diet and travel habits rather than collective or structural reform. While individual action is not irrelevant, this framing often obscures the role of policy, infrastructure, supply chains, and investment. It suggests that change is primarily about moral virtue rather than systemic reconfiguration and in doing so, it allows organisations and governments to externalise responsibility, to place the burden on consumers while continuing with business as usual.

These cultural narratives are not malicious nor are they lies, strictly speaking, but they are distortions, subtle patterns of thought that make it easier to know what is happening without fully confronting what it means. They allow us to hold the truth at arm's length and to integrate the language of sustainability without surrendering the assumptions that make our current model unsustainable.

In this way, culture becomes a buffer. It shields us from cognitive dissonance. It gives us stories that preserve our sense of agency, optimism and moral adequacy while allowing us to do less than we know is required.

We are the system
Organisational complicity and the individual within

When discussing sustainability inaction, it is common to focus on organisations as impersonal entities e.g. via structures, policies and governance systems but organisations do not think or act on their own. They are made up of people and those people, from interns to CEOs, operate within systems of incentives, fears, relationships and cultural norms that shape their behaviour in complex ways.

For many individuals working in or around sustainability, the gap between knowledge and action is a source of constant tension. Consultants produce climate risk assessments that they know will be filed away rather than acted upon, sustainability managers draft reports they know are designed more for disclosure than transformation while executives deliver keynote speeches that acknowledge the crisis while simultaneously approving strategies that extend its causes.

We are all culpable, yet we are not villains.

We are professionals trying to do our best within systems that resist change. We often feel powerless, exhausted or quietly complicit while walking a tightrope between idealism and pragmatism, between what we believe and what our organisations will allow. In some cases, we experience what might be described as institutionalised cognitive dissonance, a chronic disjunction between our understanding of the problem and the limits of our agency.

Even those in positions of authority are not immune. A CEO may understand the imperative of sustainability but face pressure from the board to deliver quarterly growth. An investor may be personally committed to climate action but constrained by the mandates and expectations of their limited partners. A public official may support systemic reform but encounter political resistance and lobbying from powerful incumbents.

These individual experiences matter because they illustrate how systemic inaction is reproduced. Not through overt denial or conspiracy but through a thousand small compromises, rationalisations and deferrals through the cultivation of what might be called strategic ambiguity the art of appearing to lead without disrupting too much.

In many ways, the system persists not despite us, but because of us. Because we are afraid to challenge it. Because we are rewarded for conforming. Because we believe, perhaps rightly, that too much honesty could cost us influence or access and because we, too, are tired. We, too, are uncertain. We, too, sometimes prefer the comfort of ambiguity over the risk of confrontation.

This is not a moral failing but one that reflects the world we have built, a world where responsibility is distributed so broadly that it becomes almost unlocatable, where every actor points to another and where change is everyone's business, but no one's responsibility.

To move beyond this, we must begin by acknowledging our own place within the system. Not to assign blame, but to reclaim agency, to stop waiting for permission and to recognise that the institutions we work for are not separate from us but shaped by us, sustained by us and, ultimately, changeable by us.

Institutionalised cognitive dissonance
When organisations live two truths at once

Institutionalised cognitive dissonance refers to the persistent misalignment between an organisation's stated awareness of systemic risks such as climate change, biodiversity loss, or human rights abuses and the ongoing decisions, investments and behaviours that contradict that awareness.

Explanation
Unlike individual cognitive dissonance, which describes internal discomfort from holding two conflicting beliefs, institutionalised cognitive dissonance is embedded in the structures, cultures and workflows of organisations. It manifests when sustainability risks are formally acknowledged in reports, targets and strategy documents but are not meaningfully integrated into capital allocation, product development or core business models.

This form of dissonance is rarely intentional or malicious. It often arises from structural fragmentation where sustainability teams operate in isolation from finance, strategy or operations and from cultural norms that reward risk avoidance over transformation. The organisation continues to speak one truth ("we must act urgently") while behaving according to another ("we must grow as usual").

Over time, this duality becomes normalised. It is rationalised as pragmatism, complexity or timing but its long-term effect is corrosive as it undermines trust, stalls progress and creates a culture where credible ambition is sacrificed for comfortable continuity.

Naming the bluff
The aesthetics of sustainability without the substance

If we are honest with ourselves and honesty is, perhaps, the most radical act in the current sustainability discourse, we must admit that a large part of what currently passes for sustainability in business is performance. Not performance in the sense of delivery, but in the theatrical sense, a staging of intention, a choreography of concern, a curated appearance of progress designed to meet the expectations of stakeholders while preserving the organisation's strategic flexibility.

Many professionals, both within and outside of companies, are deeply committed to real change. Yet the dominant culture of corporate sustainability is increasingly one of carefully managed optics. Strategies are polished but vague with metrics chosen for their measurability, not their relevance whilst net zero commitments are made with horizons so distant that they serve more as narrative devices than operational imperatives.

The result is a paradoxical state of overcommunication and underperformance. Companies issue ever more detailed ESG disclosures, adopt ever more sophisticated frameworks and publish ever more ambitious goals while their core impacts remain largely unchanged.

This is a collective adaptation to pressure as apart from a conspiracy. Sustainability has become something companies must be seen to be doing. The reputational and regulatory stakes have risen and in response, many organisations have developed a new kind of fluency, one that is less about impact and more about plausible deniability. A language that signals awareness, gestures toward commitment but ultimately evades accountability.

This phenomenon is difficult to confront because it is so deeply embedded in professional norms. We praise ambition even when unsupported by plans. We reward transparency even when it reveals no progress. We invite each other to panels, applaud the right words, and extend the benefit of the doubt, over and over again.

But there is a cost. The more we allow performance to substitute for substance and the more we entrench the very dynamic we claim to oppose, we create a culture where sincerity is assumed but outcomes are optional, where engagement becomes a form of inoculation against critique, and where leadership is measured not by the courage to act, but by the polish of one's narrative.

To break this cycle, we must learn to name the bluff and distinguish between the aesthetics of sustainability and the architecture of real transformation. This does not mean abandoning nuance or vilifying those who fall short, but it does require clarity. It requires us to ask what are we protecting when we overstate our progress, who benefits from our ambiguity, and what futures are we making possible, or impossible, by the stories we tell about ourselves?

Only by facing these questions directly can we begin to shift from sustainability as performance to sustainability as principle.

Sustainability as theatre

In today's corporate landscape, much of sustainability has become a performance, not in the sense of delivering outcomes, but in the theatrical sense, a carefully staged display of concern and commitment designed to satisfy stakeholder expectations while preserving strategic autonomy.

Explanation

Organisations often choreograph sustainability narratives to project intention and responsiveness through glossy reports, high-level targets, branded commitments and thought leadership platforms. These displays are meant to reassure investors, customers, regulators and employees that the company is aligned with societal expectations and planetary needs.

But behind the curtain, many of these commitments are insulated from core decision-making. Sustainability becomes a communication function rather than a transformation driver. Strategy decks highlight ambition and capital budgets reinforce inertia. The result is a curated appearance of progress, one that allows the business to appear adaptive without being accountable.

This is not just reputational risk but actually strategic fragility. When performance substitutes for action, organisations forfeit resilience, mislead stakeholders and delay the very transitions they will eventually be forced to confront. True leadership requires moving from theatre to substance, from sustainability as optics to sustainability as the operating model.

From acknowledgement to alignment

The leadership test of our time

After all that has been laid out herein, the persistence of inaction, the structural resistance to change, and the cultural forces that reinforce the status quo, it is fair to ask - what now?

> “The answer is not found in optimism or declarations of intent. It lies in execution and in the discipline to align decisions with knowledge, even when those decisions are uncomfortable, disruptive or politically inconvenient”

This is no longer a conversation about awareness as that threshold was crossed long ago. The defining challenge now is alignment between stated values and actual operating models, between long-term risks and short-term incentives and between what we say and how we lead. Alignment, unlike ambition, demands coherence. It requires institutions to act in proportion to the risks they claim to understand.

The main challenge, however, is that the systems most often in need of change are the ones that are structured to actually prevent change. Responsibility for sustainability is fragmented across legal, procurement, investor relations, and CSR. It is referenced in strategies, but rarely embedded in business models, capital flows or executive incentives. In this ambiguity, inaction becomes not the exception but the default.

The cost of meaningful action such as reputational exposure, internal resistance or resource reallocation typically falls on individuals. The cost of doing nothing accrues to the organisation later and as a result the rational response is often to delay, defer or gesture symbolically. When repeated across functions and sectors, this becomes a self-reinforcing cycle of failure.

Breaking that cycle requires more than ambition. It requires agency. Leadership needs to shift from shielding the organisation from discomfort to confronting it with uncomfortable truths, challenging inherited growth assumptions and accepting short-term disruption in service of long-term viability. Governance and culture need to evolve to embed sustainability into decision-making, risk frameworks, and performance systems treating it as a core strategic function, not a reputational layer.

Perhaps most critically, organisations must stop waiting for perfect conditions. Change begins with the influence at hand. The tools already exist as does the data. Acting on what we already know, however imperfectly, is the first step toward restoring credibility and strategic clarity.

Across sectors, some organisations are making that shift. They are questioning business-as-usual assumptions, redesigning supply chains and embedding climate and nature risk into strategy. They are moving from performance to substance, not because it is easy or guaranteed to succeed, but because doing less than they know is possible is no longer defensible.

This is the threshold we now face. The win-win narrative has run its course. The most important decisions ahead may not yield immediate return, but they restore integrity, resilience, and long-term licence to operate.

The data is clear, and the risks are known, but what is still missing is the resolve to follow through.

We need to move from aspirations to alignment. What matters now is not what we promise, but what we prioritise, fund, and ultimately change. This is the leadership test of our time.

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