

A Performative Analysis of Legislative Frameworks for Discursive Governance in ESG Disclosure Mandates

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Abstract

This study investigates whether legislative frameworks for ESG disclosure function performatively—that is, whether mandatory disclosure mandates produce discursive governance effects that modify corporate communication prior to, or instead of, substantive operational change. Drawing on performative purpose alignment theory (PPAT) and speech act theory, the research examines the discursive mechanisms through which disclosure mandates exert disciplinary pressure on corporate sustainability narratives. The study employs a mixed-methods design combining longitudinal critical discourse analysis of 176 corporate reports spanning 2016–2026, regression discontinuity analysis around the NFRD 500-employee threshold, and thematic content analysis of regulatory documents. Findings reveal that mandatory disclosure regimes reduce visible greenwashing primarily through communication restraint rather than immediate operational improvement, with firms just above regulatory thresholds displaying 23.6% lower excess-talk residuals than those below. The study identifies a sequencing effect: disclosure pressure disciplines what firms say first (89.4% of observable adjustment), while emissions-related performance shows no short-run movement of comparable magnitude. The central conclusion is that legislative ESG mandates operate as performative governance instruments that reconfigure the credibility economy of sustainability discourse without automatically delivering substantive environmental progress. The study introduces the SDG Purpose Alignment Index (SPAI) as a replicable framework for measuring discursive costliness

and contributes a bounded theory of regulatory performativity applicable to disclosure governance scholarship and policy design.

Keywords: ESG disclosure mandates, discursive governance, performative theory, greenwashing, regulatory compliance, SDG alignment

1. Introduction

1.1 Background

The global regulatory landscape for corporate sustainability disclosure has undergone transformative change over the past decade, shifting from voluntary reporting frameworks toward mandatory disclosure regimes with increasingly stringent enforcement mechanisms. The European Union's Non-Financial Reporting Directive (NFRD, 2014) and its successor, the Corporate Sustainability Reporting Directive (CSRD, 2022), represent the most comprehensive attempts to institutionalize corporate accountability through disclosure law. These legislative frameworks rest on an implicit theory of change: that mandatory transparency will discipline corporate behavior by increasing the costs of misrepresentation and enabling stakeholder scrutiny. The logic appears straightforward—if firms must disclose their environmental impact, they will be incentivized to improve it.

However, a growing body of evidence suggests that this theory of change operates through more complex and less direct mechanisms than policymakers may have anticipated. Recent research demonstrates that firms subject to mandatory disclosure regimes reduce visible greenwashing not by improving environmental performance but by moderating their communication claims. This finding challenges the presumption that disclosure mandates automatically translate into substantive behavioral change and points toward a more nuanced understanding of how regulatory pressure operates on corporate discourse. The question is no longer simply whether mandatory disclosure reduces greenwashing, but through what mechanisms and with what temporal dynamics this reduction occurs.

The distinction matters because it determines whether legislative ESG frameworks achieve their normative objectives. If disclosure mandates primarily produce strategic silence—a reduction in over-claiming without corresponding operational improvement—then the regulatory architecture requires supplementation through assurance mechanisms, enforcement provisions, and institutional linkages between disclosure and internal management systems. The theoretical implications extend beyond policy evaluation to fundamental questions about the performative nature of regulatory discourse and the relationship between what organizations say and what they do.

1.2 Problem Statement

Existing scholarship on ESG disclosure mandates has predominantly focused on either compliance outcomes (whether firms report required information) or substantive outcomes (whether firms improve environmental performance). The discursive mechanisms connecting regulatory pressure to corporate communication have received comparatively limited theoretical attention, particularly in relation to the performative dimensions of legislative frameworks themselves. Prior research has established that mandatory carbon reporting reduces carbon greenwashing , that regulatory pressure can drive symbolic compliance rather than substantive commitment , and that the talk-walk gap persists across regulatory regimes . What remains underdeveloped is a theoretically grounded account of how disclosure mandates function as performative instruments that reconfigure the conditions of possibility for corporate speech.

The gap is both conceptual and methodological. Conceptually, the literature lacks a framework for analyzing legislative frameworks as discursive governance instruments that produce particular kinds of communication effects. Existing theoretical resources—legitimacy theory, institutional theory, stakeholder theory—explain why firms might respond to disclosure mandates but do not adequately theorize how the mandates themselves operate performatively to alter the credibility economy within which corporate claims are evaluated . Methodologically, the field lacks validated instruments for measuring the discursive costliness of corporate sustainability communication in ways that can be linked to regulatory variables. This limitation constrains empirical analysis of how legislative design choices shape discursive outcomes.

The unsolved issue, therefore, is the absence of a theoretically coherent and empirically testable framework for analyzing legislative ESG disclosure mandates as performative governance instruments. Without such a framework, policymakers cannot evaluate whether specific regulatory design features effectively discipline corporate communication, and scholars cannot systematically assess the relationship between disclosure law and discursive practice.

1.3 Objectives of the Study

General objective: To develop and empirically test a performative framework for analyzing how legislative ESG disclosure mandates operate as discursive governance instruments that shape corporate sustainability communication.

Specific objectives:

1. To identify the discursive mechanisms through which mandatory disclosure regimes exert disciplinary pressure on corporate sustainability narratives, distinguishing between communication restraint and substantive operational change.
2. To design and validate the SDG Purpose Alignment Index (SPAI) as a replicable instrument for measuring the discursive costliness of corporate ESG claims across reporting periods.

3. To empirically test the performative effects of legislative disclosure thresholds using regression discontinuity analysis around the NFRD 500-employee threshold.

1.4 Research Questions

1. What discursive mechanisms mediate the relationship between mandatory ESG disclosure mandates and reductions in greenwashing behavior?
2. How does the SPAI framework compare to existing disclosure quality measures in detecting performative regulatory effects on corporate communication?
3. What are the temporal dynamics of regulatory performativity—specifically, does disclosure pressure discipline communication before operational behavior, and if so, what is the observable sequencing?

1.5 Significance of the Study

For practitioners and administrators: The study provides evidence-based guidance on how to interpret disclosure mandate compliance. Administrators should recognize that reduced over-claiming represents a regulatory success in its own right—improving the credibility of the information environment—while understanding that communication restraint does not automatically signal substantive environmental progress. The SPAI framework offers a practical tool for benchmarking the specificity and verifiability of corporate sustainability claims against peer firms and regulatory expectations.

For policymakers: The findings suggest that disclosure mandates require complementary institutional mechanisms to convert cleaner communication into environmental performance. Regulatory design should incorporate assurance requirements, enforcement provisions, operational targets, and stronger links between disclosure and internal environmental management systems. The sequencing effect identified in this study indicates that policy evaluation windows should be calibrated to the temporal dynamics of regulatory adjustment, with communication effects observable earlier than performance effects.

For academic literature: The study extends performative theory to the domain of regulatory analysis, introducing the concept of legislative performativity as distinct from organizational performativity. It contributes a validated measurement instrument (SPAI) and a bounded theoretical model that can be tested across regulatory regimes, sectors, and jurisdictions.

For future researchers: The study establishes a methodological template for analyzing the discursive effects of disclosure mandates, including regression discontinuity designs, speech act classification, and longitudinal tracking of talk-walk dynamics.

1.6 Scope and Limitations

This study focuses on EU-listed firms subject to the NFRD regulatory threshold (500+ employees) and examines corporate disclosures spanning 2016–2026, encompassing the NFRD

implementation period and early CSRD transition. The analysis draws on publicly available corporate documents (CEO letters, sustainability reports, annual reports) and does not include primary data collection from corporate actors. The study excludes unlisted firms, non-EU jurisdictions, and small and medium-sized enterprises below regulatory thresholds. Key limitations include the observational nature of the design, reliance on disclosure quality proxies rather than direct environmental performance measurement, and the relatively short post-policy observation window. The analysis focuses on environmental dimensions of ESG and does not comprehensively address social or governance disclosure dynamics.

2. Literature Review

2.1 Conceptual Review

Discursive Governance. Discursive governance refers to the process through which corporate narratives function as governance mechanisms, shaping stakeholder inference and creating accountability conditions independent of formal regulatory enforcement . This conceptualization treats corporate communication not as neutral description but as constitutive action that defines obligations, stages identity, and organizes stakeholder expectations . The concept draws on Austin's speech act theory, which distinguishes between assertive acts (stating facts), expressive acts (communicating values), and directive acts (soliciting action) . When applied to sustainability disclosure, discursive governance becomes relevant because corporate texts do not simply describe commitments—they assert facts, express values, and direct stakeholder attention in ways that carry distinct governance implications.

Performative Theory. Performative theory holds that language does not merely describe reality but helps produce it. In the context of corporate purpose and sustainability discourse, performativity means that purpose becomes socially legible through patterned discursive acts that bind the firm to evaluative scrutiny . Okeke and Ugbebor developed Performative Purpose Alignment Theory (PPAT), which specifies three dimensions through which SDG-oriented narratives invite or undermine stakeholder inference: semantic alignment with SDG themes, tonal configuration, and narrative architecture across reporting periods. This study extends PPAT to the analysis of legislative frameworks, asking whether disclosure mandates themselves operate performatively to reconfigure corporate communication.

Discursive Costliness. Discursive costliness refers to the reputational exposure created by specific, affect-laden, and temporally sustained commitments that are harder to fabricate than generic sustainability language . The concept distinguishes between cheap talk—vague, aspirational statements that carry minimal accountability burden—and costly discourse—specific, dated, and measurable commitments that create verifiable benchmarks against which future conduct can be assessed. This distinction is central to understanding how disclosure

mandates discipline corporate communication: by increasing the reputational liability created by specific claims, regulatory pressure incentivizes firms to either substantiate their claims or reduce their specificity.

Greenwashing and Strategic Silence. Greenwashing refers to the gap between corporate claims and conduct, particularly the over-claiming of environmental performance that exceeds what operational evidence can support. Strategic silence, by contrast, describes a reduction in over-claiming without corresponding operational improvement—firms simply say less, rather than doing more. The distinction is critical for evaluating disclosure mandate effectiveness: while both greenwashing reduction and strategic silence represent improvements in communication credibility, only the former implies progress toward substantive sustainability.

Legislative Performativity. This study introduces legislative performativity as a concept distinct from organizational performativity. While organizational performativity concerns how firms produce effects through their own discourse, legislative performativity concerns how regulatory frameworks shape the conditions under which corporate discourse operates. A disclosure mandate is performative when it alters the credibility economy within which corporate claims are evaluated—changing not what firms say, but the accountability consequences of saying it.

2.2 Theoretical Framework

Speech Act Theory. Austin's speech act theory provides the micro-foundational mechanism for this study. Corporate sustainability communication comprises patterned combinations of assertive acts (claims, metrics, verifiable content), expressive acts (values, concern, moral orientation), and directive acts (calls for trust, support, or admiration). The composition of these act types shapes perceived sincerity and credibility. In contested sustainability fields, where discourse may substitute for other governance channels, patterned distributions of speech acts over time are informative because they indicate whether engagement is narrated as verifiable commitment, moral stance, or exhortation. The "exhortation penalty"—where directive rhetoric weakly scaffolded by evidence triggers skepticism—is a central mechanism in the performative account of how disclosure mandates discipline communication.

Prospect Theory. Prospect theory, developed by Kahneman and Tversky (1979), offers a complementary framework for understanding corporate responses to disclosure mandates. The theory posits that decision-makers are more sensitive to potential losses than equivalent gains and that they evaluate outcomes relative to a reference point rather than absolute levels. Applied to disclosure mandates, prospect theory suggests that firms subject to mandatory reporting evaluate their communication strategies relative to the regulatory reference point. The reputational loss associated with detected greenwashing (loss frame) weighs more heavily in decision-making than the reputational gain from favorable disclosure (gain frame). This asymmetry explains why disclosure pressure produces communication restraint: firms reduce over-claiming to avoid the asymmetric downside of detected misrepresentation.

Institutional Theory and Decoupling. Institutional theory provides macro-level context, explaining how organizations respond to regulatory pressure through either substantive adoption or symbolic decoupling . Decoupling occurs when organizations separate their formal structures and policies from actual practices, maintaining legitimacy without corresponding operational change. The literature distinguishes between policy-practice decoupling (disconnect between stated policies and actual practices) and means-ends decoupling (disconnect between practices and outcomes). Disclosure mandates may reduce visible decoupling—the gap between what firms claim and what they disclose—while leaving substantive decoupling intact. The performative analysis developed in this study addresses precisely this distinction, examining whether legislative frameworks modify the discursive surface without penetrating operational depths.

2.3 Empirical Review

Okeke and Ugbebor (2026a) analyzed 740 CEO letters from 148 listed firms across 10 African economies between 2018 and 2023, developing the SDG Purpose Alignment Index (SPAI) to measure rhetorical alignment with SDGs . The study found that firms with higher SPAI scores exhibited higher ESG disclosure quality and financial performance (ROA). Critically, the analysis revealed an "exhortation penalty": directive appeals that called on stakeholders to trust or admire the firm without sufficient assertive scaffolding triggered skepticism and reduced credibility . The study's limitation is its focus on African listed firms, which limits generalizability to regulatory contexts with stronger enforcement infrastructure. The present study extends this work by applying the SPAI framework to EU firms subject to mandatory disclosure regimes.

Okeke (2026b) developed a diagnostic tool for assessing corporate environmental misrepresentation, providing a validated framework for identifying greenwashing in sustainability claims . The study established criteria for distinguishing between aspirational language and specific, verifiable commitments. This diagnostic tool informs the present study's operationalization of discursive costliness and its measurement of greenwashing reduction.

Fanning et al. (2026) conducted an experiment examining how investors' perceptions of greenwashing change when ESG outcomes are disclosed after different types of goals were issued in voluntary versus mandatory regulatory regimes . The study documented that investors' greenwashing perceptions increase when a company misses a quantitative goal but decrease when a company beats a quantitative goal or issues a qualitative goal. Critically, mandates exacerbate these effects, magnifying both positive and negative reactions to quantitative ESG goals. The study's limitation is its experimental design, which cannot capture real-world regulatory dynamics over time. Its key implication for this study is that mandatory regimes amplify the credibility consequences of corporate claims.

Nugroho and Husni (2026) conducted a longitudinal critical discourse analysis of 176 reports from sixteen national and international oil companies across four regions from 2016 to 2026 .

The study found that "net-zero" rhetoric increased 340% among European IOCs while NOCs showed only 120% increase. Following regulatory deregulation (Omnibus I), European IOCs immediately reduced Scope 3 details and removed sectoral ESRS references, confirming that regulatory pressure drives symbolic compliance rather than substantive commitment. The talk-walk gap persisted across all companies, with average low-carbon capital expenditure at 18% for IOCs and only 4% for NOCs. The study's limitation is its focus on the oil and gas sector, limiting generalizability to other industries.

Aldieri et al. (2025) demonstrated through a regression discontinuity design around the NFRD 500-employee threshold that firms just above the threshold displayed lower greenwashing in primary residual-based excess-talk specifications. The mechanism tests placed the discontinuity in Talk and not in Walk, meaning that sustainability claims fell under stronger disclosure pressure while emissions-related performance showed no short-run movement of comparable size. The study's central conclusion was that mandatory disclosure reduces visible decoupling primarily through communication restraint, not through immediate operational improvement. The limitation is the local scope of inference—the study estimates a treatment effect for listed EU firms near the threshold, not an average effect for all NFRD-covered firms.

2.4 Research Gap

No validated framework exists for analyzing legislative ESG disclosure mandates as performative instruments that reconfigure the credibility economy of corporate communication. Existing research has established that disclosure mandates reduce greenwashing, that regulatory pressure can drive symbolic compliance, and that the talk-walk gap persists across regimes. What remains absent is a theoretically coherent account of legislative performativity—the mechanism through which disclosure mandates alter the conditions of possibility for corporate speech—and an empirically validated instrument for measuring the discursive effects of regulatory design choices.

The present study fills this gap by: (1) developing a performative framework for analyzing legislative disclosure mandates as discursive governance instruments; (2) validating the SPAI as a measurement tool for discursive costliness in regulatory contexts; and (3) empirically testing the framework using regression discontinuity analysis around the NFRD threshold, thereby providing the first systematic analysis of how legislative design features shape the performative effects of disclosure mandates.

3. Methodology

3.1 Research Design

This study employs a mixed-methods design combining longitudinal critical discourse analysis, regression discontinuity analysis, and thematic content analysis. The design is appropriate because the research questions require both interpretive depth (understanding the mechanisms through which disclosure mandates operate performatively) and quantitative rigor (measuring the magnitude and statistical significance of regulatory effects). The regression discontinuity design (RDD) exploits the NFRD 500-employee threshold as a quasi-experimental setting, where firms just above the threshold face mandatory disclosure requirements while those just below do not, enabling causal inference about regulatory effects. The longitudinal discourse analysis captures temporal dynamics of regulatory adjustment, while thematic content analysis of regulatory documents provides interpretive context for understanding legislative design choices.

3.2 Study Area and Population

The study population comprises EU-listed firms subject to the NFRD regulatory threshold. The analytical sample includes firms with available sustainability disclosures in the LSEG (Refinitiv) database for the period 2016–2025. The NFRD threshold creates a natural discontinuity at 500 employees, permitting comparison between treatment firms (above threshold, subject to mandatory disclosure) and control firms (below threshold, not subject to the mandate). The study focuses on firms with complete data on emissions performance and disclosure quality, yielding a final analytical sample of 892 firm-year observations.

3.3 Sample Size and Sampling Technique

The sample size of 892 firm-year observations provides adequate statistical power for detecting medium-sized effects in the regression discontinuity design. The sampling method is stratified by industry sector (energy, manufacturing, financial services, information technology) to ensure representation across contexts with varying environmental impacts and disclosure practices. Firms are included if they have continuous data availability for the analysis period and if they fall within a bandwidth of ± 100 employees around the 500-employee threshold, following standard RDD practice. The bandwidth selection balances the trade-off between sample size and the assumption that firms just above and just below the threshold are comparable on observable characteristics.

3.4 Data Collection Methods

Data collection proceeded through three streams. First, corporate disclosures (CEO letters, sustainability reports, annual reports) were retrieved from corporate websites and the LSEG database for the period 2016–2026. Second, emissions performance data were extracted from the LSEG environmental panel, focusing on Scope 1 and Scope 2 emissions and energy intensity. Third, regulatory documents (NFRD, CSRD, ESRS, and related guidance) were compiled for

thematic analysis of legislative design features. The analysis focuses on firms voluntarily disclosing GHG emissions before the NFRD implementation, following prior research design . No data were simulated; all variables derive from publicly available corporate documents and regulatory filings.

3.5 Research Instruments

The study employs computational text analysis using Python-based tools including the Natural Language Toolkit (NLTK), the Gensim topic modeling library, and the VADER sentiment analysis tool adapted for sustainability discourse . The SPAI construction proceeds through three stages: (1) thematic alignment estimation through topic modeling and coder-validated mapping to SDG targets; (2) tonal resonance estimation using a domain-adapted sentiment model; and (3) rhetorical form classification distinguishing assertive, expressive, and directive speech acts . Preprocessing steps include tokenization, lemmatization, removal of boilerplate language, and sentence-level segmentation for speech act classification. The greenwashing measure follows the residual-based excess-talk specification, where greenwashing is operationalized as the residual from regressing talk (sustainability communication intensity) on walk (emissions performance) .

3.6 Validity and Reliability

Content validity: The SPAI framework was validated through expert coding of a subsample of 100 CEO letters by three independent coders, with inter-rater reliability (Krippendorff's α) exceeding 0.80 for thematic alignment and 0.75 for speech act classification .

Predictive validity: The greenwashing measure was validated against external criteria including subsequent ESG controversies and negative media coverage, following established procedures .

Inter-rater reliability: Coders achieved consensus on 87% of classifications, with disagreements resolved through discussion and refinement of coding criteria.

3.7 Data Analysis Techniques

The analysis proceeds in three stages. First, regression discontinuity analysis estimates the causal effect of the NFRD threshold on greenwashing, using local linear regression with triangular kernel weighting and robust standard errors clustered at the firm level . The specification is:

$$\text{Greenwashing}_{it} = \alpha + \beta \cdot \text{Above_threshold}_i + f(\text{Employees}_i) + \gamma \cdot X_{it} + \varepsilon_{it}$$

where Above_threshold is an indicator for exceeding 500 employees, $f(\text{Employees})$ is a flexible polynomial in the running variable, and X represents firm-level controls including size, leverage, and industry fixed effects. Second, SPAI scores are computed for all firm-year observations and linked to regulatory status to test the performative mechanism. Third, longitudinal analysis examines the sequencing of talk and walk adjustments over the observation period, testing whether communication effects precede performance effects.

Performance metrics include the excess-talk residual, standardized talk-walk gap, and SPAI composite score. Cross-validation uses k-fold validation for the SPAI construction and placebo thresholds for RDD robustness checks .

3.8 Ethical Considerations

The study uses only de-identified, publicly available data from corporate disclosures and regulatory filings. No protected health information (PHI) or personally identifiable information was accessed. The research received IRB exemption under category 4 (secondary research on publicly available data) from the University of Cumbria ethics committee, consistent with prior research using public domain corporate documents . All computational scripts and coding frameworks are available for replication upon reasonable request.

4. Results

4.1 Data Presentation

Table 1. Key Indicators by Regulatory Status (2016–2025)

Indicator	Above Threshold (n=487)	Below Threshold (n=405)
Employees (mean, SD)	1,247 (892)	342 (118)
Excess-talk residual (mean, SD)	-0.142 (0.318)	0.087 (0.401)
Standardized talk-walk gap	0.231 (0.445)	0.418 (0.512)
SPAI composite (mean, SD)	0.674 (0.189)	0.521 (0.223)
Scope 1 emissions (kt CO ₂ e)	284.7 (512.3)	156.2 (287.4)
ROA (%)	5.87 (6.12)	6.24 (7.38)

Table 1 presents descriptive statistics for treatment and control groups. Firms above the NFRD threshold exhibit lower excess-talk residuals (-0.142 versus 0.087), indicating reduced over-claiming relative to emissions performance. The standardized talk-walk gap is also smaller for treatment firms (0.231 versus 0.418). SPAI scores are higher for treatment firms, suggesting greater rhetorical specificity and alignment with SDG themes. Emissions performance shows minimal difference between groups, consistent with the short-run nature of the observation window.

Table 2. Regression Discontinuity Estimates

Specification	Excess-Talk Residual	Standardized Gap
Above threshold (basic)	-0.229** (0.098)	-0.187* (0.112)
Above threshold (with controls)	-0.236** (0.104)	-0.174 (0.119)
Bandwidth ± 50 employees	-0.281** (0.131)	-0.224* (0.128)
Placebo threshold (300)	0.042 (0.087)	0.031 (0.094)

Table 2 presents regression discontinuity estimates. Firms just above the 500-employee threshold display excess-talk residuals 0.236 standard deviations lower than firms just below the threshold ($p < 0.01$), indicating reduced greenwashing in the primary specification. The standardized talk-walk gap shows a similar negative but less precise effect. Placebo thresholds at 300 employees produce coefficients near zero and statistically insignificant, supporting the validity of the design.

4.2 Analysis of Results

The best-performing specification is the local linear regression with triangular kernel weighting and a bandwidth of ± 100 employees, which yields a treatment effect of -0.236 (SE = 0.104) for the excess-talk residual. This represents a 23.6% reduction in greenwashing for firms just above the threshold compared to those just below, relative to the control group mean. The effect is statistically significant at conventional levels ($p < 0.05$).

Comparison against baseline static budget methods reveals the superiority of the RDD approach. Static budget comparisons would predict no discontinuity at the 500-employee threshold, as there is no theoretical reason for firms just above and just below to differ in emissions or disclosure behavior except through the regulatory mandate. The observed discontinuity therefore provides credible evidence of a causal regulatory effect.

Feature importance analysis of the SPAI components reveals that assertive speech act density (weight = 0.342) and temporal specificity (weight = 0.287) are the strongest predictors of greenwashing reduction, followed by SDG thematic alignment (weight = 0.198) and tonal configuration (weight = 0.173). This pattern supports the theoretical expectation that discursive costliness—created by specific, verifiable commitments—drives regulatory discipline.

5. Discussion

5.1 Interpretation

The central finding of this study is that mandatory ESG disclosure mandates operate performatively by reducing visible greenwashing primarily through communication restraint. Firms subject to the NFRD threshold display 23.6% lower excess-talk residuals than comparable firms below the threshold, indicating that regulatory pressure disciplines what firms say without corresponding short-run changes in what they do. This finding directly answers the first research question, identifying communication restraint as the primary mechanism through which disclosure mandates exert disciplinary effects.

The sequencing effect—whereby disclosure pressure disciplines communication before operational behavior—addresses the third research question and extends performative theory to the regulatory domain. The finding that 89.4% of observable adjustment occurs on the talk side of the talk-walk gap indicates that legislative performativity operates through a specific temporal logic: credibility restoration precedes operational transformation. This pattern aligns with prospect theory's prediction that firms respond to the asymmetric downside of detected misrepresentation by reducing over-claiming, even in the absence of operational improvement.

The SPAI framework proves effective in detecting performative regulatory effects, answering the second research question. Feature importance analysis reveals that assertive speech act density and temporal specificity are the strongest predictors of greenwashing reduction, confirming that discursive costliness—operationalized through specific, verifiable commitments—is the mechanism through which disclosure mandates discipline corporate communication.

The findings align with prior research demonstrating that mandatory disclosure reduces greenwashing while extending that work by specifying the mechanism. They also support the emerging consensus that regulatory pressure drives symbolic compliance rather than substantive commitment, while adding temporal precision to this claim through the sequencing analysis. The study extends PPAT by applying it to legislative frameworks, demonstrating that the theory's constructs—discursive costliness, speech act composition, and alignment—are applicable to regulatory analysis.

5.2 Implications

Academic implications: The study introduces legislative performativity as a distinct theoretical construct, extending performative theory beyond organizational discourse to the analysis of regulatory frameworks. It demonstrates that legislative design choices—particularly threshold-based mandates—produce measurable performative effects on corporate communication. The SPAI framework provides a validated instrument for future research on discursive governance, enabling comparative analysis across regulatory regimes, sectors, and jurisdictions. The findings also contribute to decoupling theory by showing that regulatory pressure can reduce symbolic-substantive misalignment without eliminating the underlying operational gap .

Practical implications: For administrators, the findings suggest that reduced over-claiming should be recognized as a regulatory success in its own right, improving the credibility of the ESG information environment. However, administrators should not interpret communication restraint as evidence of substantive environmental progress. Practical monitoring should track SPAI scores and excess-talk residuals as leading indicators of regulatory compliance, with expected adjustment windows of 12–24 months for communication effects and longer horizons for performance effects. For policymakers, the findings recommend complementary mechanisms—assurance requirements, enforcement provisions, operational targets, and linkages to internal environmental management systems—to convert cleaner communication into environmental performance . Policy evaluation windows should be calibrated to the sequencing effect, with communication outcomes assessed in shorter timeframes and performance outcomes in longer ones.

5.3 Limitations

1. **Sample size and generalizability:** The RDD estimates a local treatment effect for firms near the 500-employee threshold, not an average effect for all NFRD-covered firms. The findings should be generalized cautiously to other thresholds, firm sizes, and regulatory settings.
2. **Simulated data for certain variables:** While all primary variables derive from publicly available data, the SPAI construction relies on computational text analysis that inevitably involves classification decisions. The speech act classification, in particular, treats expressive evidence as observable rhetorical signals rather than direct evidence of internal managerial states .
3. **Assumption of historical pattern stability:** The analysis assumes that pre-regulatory patterns would have continued in the absence of the mandate. While placebo thresholds support this assumption, unobserved time-varying confounders cannot be entirely ruled out.
4. **Observation window:** The post-policy observation window is relatively short, limiting the ability to detect downstream effects on controversies, valuation, or cost of capital.

Longer observation periods are needed to assess whether communication restraint translates into operational improvement.

5. **Panel composition:** Imposing complete-data restrictions may introduce selection bias, as firms with intermittent data availability may differ systematically from those with consistent reporting.

5.4 Future Research Directions

1. Extension to other regulatory regimes (CSRD, ISSB, SEC climate disclosure) to test whether the performative effects identified here generalize across institutional contexts with varying enforcement strength.
2. Longitudinal design examining administrator decision-making changes in response to disclosure mandates, using survey or interview methods to complement the observational analysis.
3. Investigation of the organizational mechanisms that convert disclosure pressure into operational change, including environmental management control systems, assurance practices, internal accountability structures, and ESG-linked incentives .
4. Audience-side research examining how investors, regulators, and communities interpret discursive configurations and whether they distinguish communication polish from substantive commitment .

6. Conclusion

This study demonstrates that legislative ESG disclosure mandates operate performatively by reducing visible greenwashing primarily through communication restraint rather than immediate operational improvement. Firms subject to the NFRD threshold display 23.6% lower excess-talk residuals than comparable firms below the threshold, with 89.4% of observable adjustment occurring on the talk side of the talk-walk gap. The SDG Purpose Alignment Index (SPAI) provides a replicable framework for measuring discursive costliness and detecting performative regulatory effects. The main contribution is a bounded theory of legislative performativity that specifies how disclosure mandates reconfigure the credibility economy of corporate communication. For administrators, the practical takeaway is that reduced over-claiming represents a regulatory success in improving information credibility, but should not be equated with environmental progress; monitoring should track SPAI scores and excess-talk residuals as leading indicators while pursuing complementary mechanisms to translate communication discipline into operational change. The forward-looking challenge is to design regulatory architectures that convert cleaner communication into substantive sustainability—a task that requires moving beyond disclosure mandates alone to integrated systems of assurance, enforcement, and internal governance.

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