

The Impact of Hybrid Work on Firm Value: Empirical Evidence from the EURO STOXX 50

Joana Matos , Maria João Jorge , Ricardo Marques

Polytechnic University of Leiria, Portugal

Abstract

Over recent decades, work arrangements have undergone profound transformations driven by digitalization, globalization, and the growing strategic importance of human capital. The COVID-19 pandemic acted as a major catalyst, accelerating the widespread adoption of hybrid work arrangements across knowledge-intensive industries. While existing literature has extensively examined the organizational dimensions of hybrid work, including productivity, employee well-being, and talent retention, its financial implications remain relatively underexplored. This study investigates whether the adoption of hybrid work models is associated with differences in stock performance among firms listed in the EURO STOXX 50 index over the period 2018–2024. For that, a hybrid work measure, the Hybrid Work Index (HWI), is developed using data manually collected from the official documents disclosed by the companies. The empirical analysis adopts two complementary approaches: time-series regressions applied to portfolios constructed according to the HWI, using the Fama-French five-factor model augmented with the Carhart momentum factor; and firm-level panel data regression models controlling for unobserved heterogeneity. Both internally constructed risk factors and external factors from Kenneth French's data library are used to assess the robustness of the findings. The findings align with the existing literature on human capital and intangible assets, suggesting that firms with higher levels of hybrid work adoption tend to outperform an industry benchmark by 2.3%. Thus, the hypothesis that financial markets view hybrid work as a value-relevant signal of organizational adaptability is supported.

Keywords: Asset Pricing; Human Capital; Intangible Assets; Stock Performance; Workforce Flexibility