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FROM PANDEMIC SURGE TO POST-CRISIS SLUMP: VALUING HEALTHCARE FIRMS THROUGH FINANCIAL VOLATILITY

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ABSTRACT

The COVID-19 pandemic significantly heightened demand for healthcare services; however, many companies in the sector faced declining revenues and financial instability once the crisis subsided. This study investigates the effects of profit volatility on dividend policy and its subsequent impact on investor valuation for Indonesian healthcare companies from 2020 to 2023, employing a quantitative approach with a descriptive-causal research design. Analyzing financial data from seven IDX-listed healthcare firms using Multi Regression Analysis (MRA) in SmartPLS software reveals that, despite increased income volatility, stable dividends can enhance investor valuation, albeit to a limited extent. Furthermore, a robust Dividend Policy appears to drive higher Investor Valuation more effectively than dividend stability alone. While consistent dividend distributions marginally elevate company valuations among investors, the mediating effect of Dividend Stability is found to be positive yet minimal, indicating a negligible practical impact.

Keywords: Profit Volatility, Dividend Policy, Dividend Stability, Investors, Valuation

INTRODUCTION

The COVID-19 pandemic has reshaped the global landscape, including the public's awareness of the importance of healthcare services. In Indonesia, the hospital sector has become a primary focus as the frontline in addressing the health crisis. The public has not only become more conscious of health but also the need for adequate healthcare infrastructure, while investors have begun viewing hospitals as attractive business entities. Companies in the healthcare sector, particularly those managing or owning hospital networks, experienced a significant increase in service demand during the pandemic. Hospitals are a crucial sector in a country's economy, and in Indonesia, this sector has become an integral part of the industry, contributing significantly to economic growth, especially after many hospitals were listed on the Indonesia Stock Exchange (IDX). As public entities, hospitals listed on the IDX must maintain strong financial performance to remain appealing to investors. This situation has sparked investor enthusiasm, who view the healthcare sector as a "safe haven" amidst economic uncertainty, as seen in the trading volume movements of these companies' stocks.

Table 1. Trading volume of shares for companies in the healthcare sector from 2020 to 2023 (in millions of shares).

	2020				2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
BHMS	-	-	-	-	-	-	44	29	1.027	.026	388	246	71	46	63	50
CARE	39	3.155	10.048	16.131	3.564	4.641	8.639	9.127	7.037	7.522	5.957	8.060	3.026	3.344	5.333	1.572
HEAL	0,37	0,84	0,50	0,74	8,7	8.7	12,7	14,7	16,7	22,9	21,7	7,47	3,56	3,20	8,24	7,14
MIKA	8,16	4.40	25,1	25,69	28,81	33,03	26,48	24,22	18,68	15,58	12,89	12,79	9,55	10,8	10.0	11,6
MTMH	-	-	-	-	-	-	-	-	-	668	605	637	494	418	733	665
PRAY	-	-	-	-	-	-	-	-	-	-	-	0,93	0,30	0,10	0,04	0,12
PRIM	13,3	9,02	0,86	10,24	N/A	N/A	N/A	N/A	2,16	0,48	0,32	0,34	0,22	6,70	14,1	89,6
RSGK	-	-	-	-	-	-	84	71	3,87	2,02	0,87	0,94	2,83	1,09	2,11	0,38
SAME	10,2	224	2.005	8.355	6.397	4.701	7.079	2.471	2.036	1.252	1.155	336	199	336	532	258
SILO	17,1	6,45	8,37	18,4	37,6	42,8	27	38	3,51	4,08	0,47	0,59	37,52	231	76,42	70,87
SRAJ	2,20	8,99	3,26	6,39	28,3	70,07	288	214	90,23	22,51	91,85	1.190	137	43,75	125	744

The stock trading volume table for the healthcare sector presents an intriguing trend, particularly in the context of market responses to the dynamics of the hospital sector during and after the COVID-19 pandemic. In 2020, the trading volume of healthcare companies' stocks experienced a significant surge, reflecting investor enthusiasm for the sector amid economic uncertainty. However, entering 2021, although trading volume remained high, early signs of decline began to emerge. This trend continued through 2022 and 2023, where overall trading volume showed a downward trajectory, despite some companies still attracting investor interest with increased volume in certain quarters. Overall, the data highlights high volatility in the stock trading activity of the healthcare sector.

Beneath this heightened stock trading activity lies an intriguing paradox. Despite hospitals being overwhelmed with patients—both COVID-19 cases and other illnesses that had been neglected due to the healthcare system's pandemic focus—the financial performance of healthcare companies exhibited significant volatility. The surge in net profit during the pandemic, driven by emergency healthcare service revenues, was not followed by post-pandemic stability. In 2022-2023, many healthcare companies experienced revenue declines and even losses, as the number of COVID-19 patients decreased and post-crisis operational costs remained high. This phenomenon raises a critical question: why did companies that were perceived as "profiting immensely" during the pandemic struggle to sustain their performance in the new normal era?

Table 2. Net profit of companies in the healthcare sector for the period from 2020 to 2023.

	2021	2022	2023	2024
BHMS	-	-	-	-
CARE	15.518.000.000	14.098.000.000	(60.591.000.000)	(36.139.000.000)
HEAL	646.000.000.000	1.299.000.000.000	379.000.000.000	559.000.000.000
MIKA	923.473.000.000	1.361.524.000.000	1.093.964.000.000	996.257.000.000
MTMH	-	-	-	-
PRAY	-	-	-	-
PRIM	38.093.000.000	75.496.000.000	21.546.000.000	(2.772.000.000)
RSGK	-	-	-	-
SAME	(187.644.340.069)	142.636.688.853	9.582.695.037	17.742.278.251
SILO	391.000.000.000	700.000.000.000	710.000.000.000	1.247.000.000.000
SRAJ	(14.498.000.000)	165.605.000.000	(44.187.000.000)	(38.313.000.000)

Sirait *et al.* (2021) found that higher profit volatility raises stock prices volatility, whereas Andiani & Gayatri (2018) reported the opposite, as greater profit volatility reduces stock price volatility. Meanwhile, Utami & Purwohandoko (2021) found that, in reverse, stock price volatility does not influence profit volatility.

From an investor's perspective, earnings and dividend volatility are crucial factors in assessing the viability of an investment. Before relying on valuation ratios, investors tend to analyze the stability of a company's dividends and earnings as indicators of confidence in its long-term prospects. Sharp dividend fluctuations—such as a company distributing high dividends in 2021 but drastically cutting them in 2023—can raise concerns about the sustainability of its corporate policies. To further understand dividend fluctuations, investors will examine a company’s earnings and revenue history. If net income exhibits an unstable (volatile) pattern or shows a downward trend, it may be interpreted as a high-risk factor, even if the company has previously recorded substantial profits.

The relationship between profitability, dividends, and firm value remains a topic of debate in academic research. Husain *et al*. (2020) found that profitability has no significant effect on dividends, nor do dividends significantly impact firm value. Similarly, Selfiani *et al*. (2023) concluded that dividend policy does not significantly influence a company’s value. However, other studies have presented contrasting findings. Arsyad *et al*. (2021) and Susellawati *et al*. (2022) found evidence supporting the impact of dividends on firm value, while Dang *et al*. (2020), Markonah *et al*. (2020), and Margono & Gantino (2021) demonstrated that profitability significantly affects a company’s valuation.

This study aims to explore the relationship between earnings volatility, dividend policy, and valuation ratios in hospital sector companies in Indonesia from 2020 to 2023. The research holds significance from both practical and academic perspectives. Practically, it provides insights for investors in assessing risks and investment potential in the post-pandemic healthcare sector, particularly in the context of earnings and dividend instability. Academically, it seeks to fill a gap in the literature on healthcare firm valuation dynamics in developing countries, where market responses to health crises remain underexplored.

Through an in-depth analysis of financial data and dividend policies, this study aspires to explain why healthcare companies, once seen as "investor favorites" during the pandemic, struggled to maintain their investment appeal in the post-crisis period. Furthermore, it investigates how earnings volatility influences investor perceptions of intrinsic stock value. The findings may serve as a reference for corporate management in designing sustainable dividend strategies and for regulators in anticipating future stock market fluctuations in the healthcare sector.

LITERATURE REVIEW

Profit Volatility

Volatility refers to the quantitative measurement of price fluctuations over a defined period (Waluyo, 2016). Profit volatility reflects the consistency of a company's earnings over time. High profit volatility can discourage potential investors from funding a business, as it signals uncertainty in financial performance (Sirait *et al*., 2021).

While it can be further analyzed using Return on Assets (ROA) volatility—calculated by determining the standard deviation of profit, obtained by dividing net income by total assets (Yanti, 2019)—this study employs raw net income data as a measure of profit volatility. The rationale behind this approach is that investors often assess a company's profitability quickly by observing its net income without necessarily comparing it to total assets.

Dividend Policy

According to Rahman *et al*. (2022), dividend policy refers to the strategic decision-making process through which a company determines whether to distribute its earnings to shareholders as dividends or retain them for future investments. Organizations can formulate

dividend policies based on various approaches, influenced by legislative frameworks, internal and external factors, as well as the interests and influence of multiple stakeholders (Леонтьев & Февралев, 2023). A company's dividend policy can act as a critical mechanism to mitigate information asymmetry between management and investors regarding the firm's current condition and future prospects (Marini & Dewi, 2019). On one hand, an optimal dividend policy is one that maximizes shareholder wealth while ensuring sufficient funding for the company's operational and growth activities (Vopolskaya & Maklakova, 2024). On the other hand, companies may adopt higher dividend payouts as a defensive strategy to deter potential takeover bids from competitors (Driver et al., 2020). For investors focused on long-term growth, a company's dividend policy provides valuable insights that can significantly influence their investment decisions. The dividend payout ratio, a key metric indicating how efficiently a company allocates its profits to shareholders, serves as a reflection of its effectiveness in profit distribution (Artati & Wahyuni, 2023). Thus, dividend policy not only shapes investor confidence but also plays a pivotal role in balancing shareholder returns with the company's financial sustainability and strategic objectives.

In this study, the measurement of dividend policy is conducted using Dividend Payout Ratio (DPR) and Dividend Smoothing Ratio (DSR). The DPR is utilized to assess the proportion of earnings distributed to shareholders as dividends, providing insight into the company's commitment to returning profits to investors. Meanwhile, the DSR is employed to evaluate the stability of dividend payments relative to earnings fluctuations, reflecting management's efforts to maintain consistent dividend payouts despite variations in profitability. These metrics are chosen because they offer a comprehensive view of dividend policy: DPR highlights the company's generosity in sharing profits, while DSR underscores its ability to manage dividend stability, which is crucial for investor confidence and long-term shareholder value. Together, DPR and DSR provide a balanced perspective on how effectively a company balances dividend distributions with its financial health and growth needs.

Dividend Stability

Dividends represent returns distributed to shareholders as compensation for their investment in a company's capital and can be predicted based on factors such as pre-tax earnings, assets, and long-term liabilities (Mistry & Vyas, 2021). They serve as a proportional distribution of earnings in the form of tangible assets among shareholders based on their

ownership stakes (Sharma, 2021).

According to Gwilym *et al*. (2003), dividend stability refers to the consistency of past dividend policies, where larger firms tend to adhere to traditional, stable dividend distributions, while smaller firms are more likely to follow a residual or irrelevant dividend approach (Consler *et al*., 2013). Stability in dividend payments is particularly attractive to investors who prioritize steady income streams and lower investment risk. A consistent dividend policy signals financial strength and reliability, fostering investor confidence and long-term engagement with the company.

Antronov *et al*. (2024) argue that investing in companies with a focus on dividend income is less labor-intensive, carries lower risk, and offers appealing profitability. Stable dividends are often associated with well-established firms with strong cash flows, making them a preferred choice for conservative investors seeking predictable returns. However, Shubham & Vandana (2020) caution that higher dividend payouts do not necessarily indicate higher operating profits and may influence the market price of the firm, as demonstrated in the case study of Microsoft Corporation.

Empirical findings on dividend policies remain mixed. Hasan (2021) found that in the UK, dividend increases (or decreases) do not necessarily convey information about a firm's future profitability or earnings. Conversely, Ham *et al*. (2020) suggest that changes in dividends contain signals about persistent shifts in a company’s future income. Despite these differing perspectives, many investors regard stable dividend payments as an essential criterion in evaluating the financial health and investment potential of a firm.

In this study, dividend stability is measured using the Dividend Growth Rate (DGR), which reflects the consistency and growth trajectory of dividend payments over time. DGR is chosen as the primary metric because it provides a dynamic assessment of a company's ability to sustain and increase its dividend payouts, rather than merely indicating whether dividends remain unchanged. Unlike static measures such as the Dividend Payout Ratio (DPR), which only captures the proportion of earnings distributed as dividends in a single period, DGR offers insight into long-term trends in dividend growth. This helps investors evaluate not only the reliability of a firm's dividends but also its potential for future growth. A stable or steadily increasing DGR signals financial resilience, strong cash flow management, and confidence in future earnings, making it a more comprehensive and forward-looking indicator of dividend

stability. By focusing on DGR, this study aims to provide a deeper understanding of how companies balance dividend growth with their financial sustainability and shareholder expectations.

Investor's Valuation

Valuation ratios are essential instruments in financial analysis, serving as key metrics to assess asset prices relative to their fundamental value. According to Tandelilin (2015), valuation ratios play a crucial role in investment decision-making by helping investors determine whether a stock is undervalued (priced too low), overvalued (priced too high), or fairly valued (reasonably priced).

Generally, a company's valuation can be measured using various ratios. As outlined by Damodaran in Investment Valuation, stock valuation can be efficiently estimated using either the Discounted Cash Flow (DCF) Valuation or Relative Valuation methods (Damodaran, 2012). Colline & Anwar (2021) further highlight that Relative Valuation Models—such as the Price-to-Earnings (P/E) Ratio, Price-to-Book Value (PBV) Ratio, Price-to-Cash Flow (PCF) Ratio, and Price-to-Sales (PS) Ratio—are widely favored by investors due to their simplicity and ease of application compared to other valuation approaches.

This study employs two key valuation ratios: the Price-to-Earnings (P/E) Ratio and Dividend Yield (DY). The P/E Ratio compares a stock's price with its earnings per share (EPS). A high P/E Ratio suggests that a stock is expensive relative to its earnings, potentially discouraging investors due to lower expected returns compared to the capital invested. Conversely, a P/E Ratio within a reasonable range can signal a sound investment opportunity. However, an excessively low P/E Ratio may indicate that a stock is undervalued, warranting caution as it could reflect poor growth prospects or underlying financial weaknesses.

Meanwhile, Dividend Yield (DY) measures the return investors receive from dividends relative to the stock price. A high DY suggests that investors may receive relatively larger dividend payouts, making it particularly attractive for those seeking stable income streams. However, an excessively high DY can signal potential risks, such as a company's inability to sustain dividend payments in the future or a significantly low stock price due to weak financial performance. As such, a balanced and consistent DY is often regarded as a positive signal for investors, indicating a company's ability to generate steady shareholder returns.

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RESEARCH HYPOTHESIS

H1. Profit Volatility negatively affect Dividend Stability

H2. Profit Volatility negatively affect Investor's Valuation

H2. Dividend Policy positively affect Dividend Stability

H2. Dividend Policy positively affect Investor's Valuation

H3. Dividend Stability negatively affect Investor's Valuation

RESEARCH METHODS

This study employs a quantitative research approach with a descriptive-causal research design to analyze the relationship between variables within the healthcare sector. The population consists of healthcare companies, including hospital owners and operators, that are listed on the Indonesia Stock Exchange (IDX). A total of 11 companies were identified as the research population. However, secondary data collection for the 2020–2023 period revealed that one company went public in 2021, while two others conducted IPOs in 2022. Additionally, one company, despite being publicly listed since 2018, did not fully disclose its annual reports.

Tabel 3. Research Population & Sample

No.	Nama Perusahaan	Kode Bursa	2020	2021	2022	2023
1	PT Bundamedik Tbk	BMHS	×	√	√	√
2	PT Metro Healthcare Indonesia Tbk	CARE	√	√	√	√
3	PT Medikaloka Hermina Tbk	HEAL	√	√	√	√
4	PT Mitra Keluarga Karyasehat Tbk	MIKA	√	√	√	√
5	PT Murni Sadar Tbk	MTMH	×	√	√	√
6	PT Famon Awal Bros Sedaya Tbk	PRAY	×	√	√	√
7	PT Royal Prima Tbk	PRIM	√	√	√	√
8	PT Kedoya Adyaraya Tbk	RSGK	×	√	√	√
9	PT Sarana Meditama Metropolitan Tbk	SAME	√	√	√	√
10	PT Siloam Internasional Hospitals Tbk	SILO	√	√	√	√
11	PT Sejahteraraya Anugrahjaya Tbk	SRAJ	√	√	√	√

As a result, only seven companies met the criteria for inclusion as the final research sample. The selection of these companies was based on the availability and completeness of their financial reports, ensuring consistency in the dataset across the observed period. By focusing on these companies, the study aims to provide a more accurate and reliable analysis of financial performance and other relevant factors within the healthcare industry in Indonesia.

The study employs Multi Regression Analysis (MRA) using SmartPLS software to analyze the proposed research model. SmartPLS is chosen due to its capability to handle small sample sizes by utilizing bootstrap resampling, making it a suitable method for this study, given

the limited dataset.

Hypothesis testing is conducted by evaluating the Original Sample (O) value and the p-value with a 0.05 standard error threshold. A positive Original Sample (O) value indicates a strengthening (positive) effect, whereas a negative value suggests a weakening (negative) effect. Additionally, the p-value is examined to determine the statistical significance of the relationships. To complement the analysis, raw data is also descriptively analyzed to provide a clearer understanding of the actual conditions in the field, ensuring that the findings accurately reflect real-world financial and operational trends within the healthcare sector.

RESULTS OF RESEARCH AND DISCUSSION

Research Data Description

After analyzing annual reports of companies in the healthcare sector, various financial ratios were applied to assess their financial conditions.

Table 4. Net profit and dividend ratio of companies in the healthcare sector in 2020-2023 period

Company	Year	Net Profit	DPR	DSR	DGR	PER	DY
CARE	2020	15518000000	0,00	0,00	0,00	497,42	0,00
	2021	14098000000	0,00	0,00	0,00	796,55	0,00
	2022	-60591000000	0,00	0,00	0,00	0,00	0,00
	2023	-36139000000	0,00	0,00	0,00	0,00	0,00
HEAL	2020	646000000000	11,52	0,10	110,08	16,27	0,71
	2021	1299000000000	6,88	0,15	-76,00	12,27	0,56
	2022	379000000000	23,68	0,11	0,00	61,17	0,39
	2023	559000000000	18,83	0,02	16,67	40,07	0,47
MIKA	2020	923473000000	91,02	0,60	6,31	35,02	2,60
	2021	1361524000000	89,99	0,67	45,76	23,12	3,89
	2022	1093964000000	93,76	0,88	-16,28	41,54	2,26
	2023	996257000000	88,66	1,00	-13,89	40,75	2,18
PRIM	2020	38093000000	0,00	0,00	0,00	20,67	0,00
	2021	75496000000	0,00	0,00	0,00	4,49	0,00
	2022	21546000000	0,00	0,00	0,00	27,25	0,00
	2023	-2772000000	0,00	0,00	0,00	88,00	0,00
SAME	2020	-187644340069	0,00	0,00	0,00	0,00	0,00
	2021	142636688853	0,00	0,00	0,00	44,43	0,00
	2022	9582695037	0,00	0,00	0,00	0,00	0,00
	2023	17742278251	0,00	0,00	0,00	0,00	0,00
SILO	2020	391000000000	2,16	0,00	-48,00	22,87	0,09
	2021	700000000000	32,28	0,36	2573,08	19,92	1,62

Company	Year	Net Profit	DPR	DSR	DGR	PER	DY
	2022	710000000000	35,35	0,36	-86,12	23,08	1,53
	2023	1247000000000	20,55	0,36	2,07	22,74	0,90
SRAJ	2020	-14498000000	0,00	0,00	0,00	0,00	0,00
	2021	165605000000	0,00	0,00	0,00	22,46	0,00
	2022	-44187000000	0,00	0,00	0,00	0,00	0,00
	2023	-38313000000	0,00	0,00	0,00	0,00	0,00

Source : research data, 2025

The healthcare sector's financial performance shows a lot of ups and downs, resulting in high profit volatility. Companies like HEAL and MIKA made strong profits in 2020-2021 but saw major declines in 2022-2023. Others, such as CARE, PRIM, SAME, and SRAJ, faced even bigger swings, with profits moving between positive and negative. For example, HEAL reported its highest profit of IDR 1.299 trillion in 2021, but this dropped to IDR 379 billion in 2022. CARE and SRAJ faced significant losses recently, reflecting the challenges the industry has encountered after the pandemic. Overall, it's clear that profits in the healthcare sector are very unstable.

The dividend policy among these companies also shows considerable variation, with most lacking a stable distribution pattern. In contrast, MIKA and HEAL have consistently distributed dividends, maintaining a relatively high Dividend Payout Ratio (DPR). Notably, MIKA has maintained a DPR above 88% throughout the years from 2020 to 2023.

In terms of valuation, investors evaluate companies in the healthcare sector based on their profitability and dividend policies. HEAL and MIKA have moderate Price-to-Earnings Ratios (PERs), with HEAL ranging between 12.27 and 61.17, and MIKA between 23.12 and 41.54. Both companies also offer attractive Dividend Yields (DY), with MIKA consistently above 2% from 2020 to 2023.

In contrast, CARE, PRIM, SAME, and SRAJ have reported zero PERs in several years due to losses, making them less appealing to investors. SILO demonstrates a more stable PER, with its DY increasing from 0.09% in 2020 to 1.62% in 2021, before remaining around 0.90% in 2023.

Companies that show consistent profits and stable dividends usually have higher market valuations, while those with losses or financial uncertainty are valued lower. In the healthcare sector, earnings can be very unpredictable, with many companies facing big profit swings. Only a few can maintain reliable dividend payments. For investors, companies like HEAL and

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MIKA, which have stable profits and dividends, are valued more highly, while those with losses or uncertain dividend policies tend to be valued less.

Hypothesis Testing

The results of the outer model evaluation indicate that all indicators, except for the Price Earnings Ratio (PER), achieved perfect outer loading factor values of 1.000. This suggests that the PER indicator does not effectively represent the Investor's Valuation variable and therefore cannot be included in the study. Only the Dividend Yield (DY) indicator is suitable for constructing the Investor's Valuation variable. After removing the PER indicator and conducting a retest, the outer loading factor values for each remaining indicator also achieved perfection at 1.000, allowing us to proceed to the inner model evaluation.

The results of the inner model evaluation through bootstrapping are as follows:

Table 5. Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
PV -> IV	0.215	0.227	0.151	1.421	**0.156**
PV -> DS	0.105	0.062	0.422	0.249	**0.804**
DS -> IV	0.089	0.095	0.088	1.009	**0.313**
DP -> IV	0.756	0.748	0.151	5.025	**0.000**
DP -> DS	0.027	0.016	0.366	0.073	**0.942**

Source : processed research data, 2025

The results presented in Table 5 indicate that Profit Volatility (PV) has a positive but insignificant effect on both Dividend Stability (DS) and Investor Valuation (IV). This suggests that, despite the increased volatility in the company's income, dividend stability and investor valuation may increase, although the extent of this increase is minimal.

Additionally, Dividend Policy (DP) positively impacts Dividend Stability (DS), but this effect is also insignificant. However, it significantly influences Investor Valuation (IV). This implies that a stronger Dividend Policy leads to a higher Investor Valuation, more so than it does for dividend stability.

Moreover, Dividend Stability (DS) has a positive but insignificant effect on Investor Valuation (IV). This means that more stable dividend distributions lead to a slightly higher valuation of the company by investors.

It is concluded that hypotheses 1, 2, and 5 are rejected, while hypotheses 3 and 4 are accepted.

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Although this study does not propose a mediation hypothesis, the researcher is intrigued by these findings and intends to explore the potential mediation effects further.

Table 6. Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
PV -> DS -> IV	0.009	0.010	0.070	0.133	**0.894**
DP -> DS -> IV	0.002	0.007	0.062	0.039	**0.969**

Source : processed research data, 2025

The results presented in Table 6 indicate that Dividend Stability (DS) can positively mediate the relationship between Profit Volatility (PV) and Dividend Policy (DP) on Investor Valuation (IV), although this effect is not statistically significant. The Original Sample value is very small—close to zero—and the p-value is high, approaching 1.000. Therefore, while the mediation effect of Dividend Stability (DS) is positive, it is minimal, suggesting that it has almost no practical impact.

Discussion

During the COVID-19 pandemic, the healthcare sector attracted significant attention from investors, largely due to expectations of a surge in revenue driven by the increasing demand for healthcare services. Many investors believed that this rise in profits would lead to higher dividend payments, making the sector an appealing investment option. However, research indicates that Profit Volatility (PV) has a positive but insignificant effect on Dividend Stability (DS) and Investor Valuation (IV). This suggests that high profit increases do not automatically result in significantly higher dividend stability or company valuations.

From an investor's perspective, even though healthcare companies may experience revenue surges in certain years, their dividend stability and attractiveness as investments are influenced by more fundamental factors. The decline in profitability within the healthcare sector after the pandemic serves as evidence of the industry's high profit volatility. Many companies saw a drastic decrease in profits during 2022-2023, with some even reporting losses. This indicates that the profit increases during the pandemic did not represent a stable long-term growth trend.

For investors, this volatility creates uncertainty, as they cannot depend on this sector to provide consistent dividends or maintain high valuations. Additionally, research shows that Dividend Policy (DP) significantly impacts Investor Valuation (IV) but does not affect Dividend Stability (DS), further clarifying that investors focus more on the long-term

regulation of dividend policy rather than merely observing fluctuations in company profits over short periods.

One of the main causes of the decline in profits experienced by healthcare companies after the pandemic is not only the reduced demand for healthcare services but also the delayed payments of BPJS Kesehatan claims. In many cases, company revenues appear to have decreased in financial reports, even though they continue to serve a large number of patients operationally. The delayed BPJS receivables, which can extend for months, disrupt the company's cash flow, causing the profitability reflected in the financial statements to not accurately represent the actual business conditions.

From an investor's perspective, this situation indicates that while the healthcare sector has stable demand, liquidity problems stemming from dependence on BPJS payments render investments in this sector riskier than previously thought. This aligns with research findings demonstrating that Dividend Stability (DS) has a positive but insignificant effect on Investor Valuation (IV). Investors consider various factors beyond just dividend stability when assessing a company's attractiveness.

In terms of valuation, investors tend to favor companies that can maintain a consistent dividend policy over those that rely solely on temporary profit increases. Some healthcare companies have managed to maintain a high Dividend Payout Ratio (DPR), paying dividends consistently above 88%. However, for other companies experiencing declining profits or even losses, sustaining dividend stability becomes challenging, ultimately affecting their valuation in the eyes of investors. This confirms that dividend stability is influenced not only by profitability but also by mature financial policies and effective cash flow management.

CONCLUSIONS

The findings of this study offer valuable insights into how investors perceive the healthcare sector in the long term. While high profitability can enhance a company's appeal, factors such as high volatility and dependence on external elements like BPJS payments can undermine dividend stability and lead to more fluctuating company valuations. The study's results indicate that Dividend Policy (DP) significantly influences Investor Valuation (IV), but it does not have a significant impact on Dividend Stability (DS). This further emphasizes that investors prioritize companies with consistent and reliable dividend policies over those that rely

solely on variable profits. From an investor's perspective, the healthcare sector remains attractive, but it is important to understand realistically that profit growth does not always guarantee stable dividends or increasing valuations.

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