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Post-Pandemic Healthcare Stocks: The Impact of Microeconomic Factors and Investor Behavior

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ABSTRACT

Objective: *This study investigates the influence of microeconomic factors and investor behavior on stock prices in the healthcare sector following the COVID-19 pandemic, aiming to identify which factors most significantly affect stock performance.*
Methodology: *A quantitative approach was used with panel data regression analysis through the Random Effect Model (REM), selected based on the Hausman test (p = 0.7357). Independent variables included revenue, operating costs, return on equity (ROE), earnings per share (EPS), price-to-earnings ratio (PER), debt-to-equity ratio (DER), current ratio (CR), and investor behavior.*
Finding: *The analysis shows that revenue, operating costs, EPS, PER, DER, and CR significantly affect stock prices, while ROE and investor behavior have no significant effect. The model has a high explanatory power with an R^2 of 0.928, indicating it accounts for 92.8% of the variation in healthcare stock prices.*
Conclusion: *Internal financial factors are more dominant than investor behavior in influencing stock prices. Improving financial efficiency and performance transparency is recommended to strengthen investor confidence, and future research should include macroeconomic variables to broaden the analysis*.

Keywords*: Microeconomics; Investor Behavior; Stock Price; Healthcare Sector; COVID-19,*

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INTRODUCTION

The COVID-19 pandemic has significantly impacted the global healthcare sector, both in terms of industry operations and stock market performance. At the same time, the pandemic also disrupted global economic performance and financial markets, causing increased uncertainty, market volatility, and shifts in investment behavior across sectors (Hapsari et al., 2025). During the pandemic, the healthcare sector demonstrated greater resilience compared to other sectors due to increased demand for healthcare services, pharmaceuticals, and medical technology. However, post-pandemic, stock price dynamics in this sector have exhibited fluctuations that require in-depth analysis, particularly regarding the influence of microeconomic factors and investor behavior (Fissholah & Hascaryani, 2022)

The performance of healthcare sector stocks from 2020 to 2023 has shown significant fluctuations, influenced by factors such as the COVID-19 pandemic, changes in demand for healthcare services, and government policies. In 2020, the sector experienced a significant surge, primarily due to increased demand for medical products and COVID-19 vaccines. Several major companies in the sector, such as Pfizer and Moderna, reported significant revenue surges. In 2021, after vaccine distribution began to expand, pharmaceutical companies' stock performance remained strong, despite a decline in demand as the number of cases declined (Virtyani et al., 2021a)

Entering 2022 and 2023, even as the pandemic begins to subside, the healthcare sector remains an attractive one for investors. This sector benefits from an aging population and the continued rise in demand for healthcare, both in the pharmaceutical and health technology sectors. However, there has also been a decline for several vaccine-related companies, such as Moderna, whose stock performance has declined as demand for vaccines has declined (Liu et al., 2020)

The performance of healthcare sector stocks from 2020 to 2023 experienced substantial fluctuations as the sector transitioned from pandemic-driven demand to a more normalized market environment. During the pandemic, healthcare companies benefited from increased demand for medical products, pharmaceuticals, and healthcare services. However, as vaccination programs expanded and COVID-19 cases declined, market expectations shifted toward long-term growth prospects, operational efficiency, and financial sustainability. Consequently, healthcare stock prices became increasingly influenced by firm-specific fundamentals and investor expectations regarding future performance.

Microeconomics plays a crucial role in determining stock prices, with indicators such as company revenue, operating expenses, and financial ratios being key factors. A company's revenue reflects a business's ability to generate profits through its core operations. Research by (Zhou & Zhou, 2022) shows that companies with stable and increasing earnings tend to have higher stock prices because investors perceive them as safe and sustainable investments.

Operating costs, as a major component of a company's expenses, have an impact on profit margins. A study by *(Santos, 2023)* revealed that companies that successfully manage operational costs efficiently typically have greater competitiveness, which is reflected in increased market valuations. Operational cost efficiency not only increases net income but also influences investors' perceptions of a company's financial stability..

In addition, financial ratios such as Earnings Per Share (EPS), Price to Earnings Ratio (PER), and Return on Equity (ROE) are widely used by investors to evaluate a company's financial performance. Research by (Abdulhadi & Dashtbayaz, 2023) found that high EPS is often associated with stock price growth because it reflects significant returns to shareholders. PER, on the other hand, provides an indication of whether a stock is overvalued or undervalued,

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thus influencing investment decisions. Meanwhile, a consistent ROE indicates management's effectiveness in utilizing shareholder equity, as evidenced by research (Abideen et al., 2023), which found a positive correlation between ROE and stock price increases in the healthcare sector.

In addition to microeconomic factors, investor behavior also plays a significant role in stock price movements. During the pandemic, many investors shifted to healthcare stocks, as this sector was seen as more stable and resilient amidst uncertainty. However, post-pandemic, although this sector still showed growth potential, investor psychological factors, such as excessive optimism or unfounded concerns, often influenced investment decisions, ultimately contributing to stock price volatility. Behaviors such as herd behavior, a tendency to follow market trends, or loss aversion can lead to stock price movements that do not reflect the company's fundamental value

Beginning in 2020, the globe was horrified by the emergence of a novel coronavirus (SARS-CoV-2) that caused the Coronavirus Illness 2019 pandemic (COVID-19). It is known that this virus originated in Wuhan, China (Asfar, 2021). It was discovered near the end of December 2019. The covid-19 virus is deadly because of its quick and easier transmission compared to the 2003 SARS pandemic that swept the globe. (Quoted from Financial Times). Coronavirus infects the respiratory tract of humans. One may get infected by a Covid-19 sufferer. The sickness may spread by coughing or sneezing droplets expelled from the nose or mouth

Research by (Al-Dwiry et al., 2022) shows that during the pandemic, many investors shifted their portfolios to the healthcare sector because it was seen as a "safe haven" amid global uncertainty. However, after the pandemic, investor behavior often became irrational, with decisions influenced more by emotions or market trends than fundamental analysis. A study by (Bouri et al., 2021) identified herd behavior as a major factor driving stock price spikes in certain sectors, including healthcare, although this was not always supported by solid company performance.

Furthermore, research by (Yang et al., 2020) Research shows that excessive investor optimism, often fueled by positive news or advances in medical technology, can lead to unrealistic stock valuations. Conversely, negative reports or regulatory uncertainty can trigger loss aversion, as research confirms (Antweiler, 2004), which found that investors are more likely to maintain their positions despite facing potential losses. This phenomenon often contributes to stock price volatility, creating instability that does not reflect the company's fundamental condition. Recent research by (Abideen et al., 2023) also emphasized that psychological behaviors such as overreaction and underreaction to market information contribute to stock price fluctuations in the healthcare sector. Thus, while the healthcare sector remains an attractive option for investors, their behavior can create complex market dynamics that do not always align with the company's intrinsic value.

The dynamics of healthcare sector stock prices after the COVID-19 pandemic exhibit an interesting fluctuation pattern that merits further study. This phenomenon is suspected to be related to microeconomic factors and investor behavior, which interact to influence market movements. Despite the growing body of literature examining healthcare sector stock performance during the COVID-19 pandemic, existing studies predominantly focus on either microeconomic factors or investor behavior, with limited empirical attention given to the post-pandemic period. Moreover, research that simultaneously analyzes company-level financial fundamentals and investor behavioral aspects in explaining healthcare stock price fluctuations remains scarce. This condition raises an important research problem regarding the extent to

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which microeconomic factors and investor behavior individually and jointly influence healthcare sector stock price dynamics after the pandemic, particularly as market conditions transition toward normalization

Based on the research background and identified gaps, the following research questions are proposed. RQ1: Do microeconomic factors significantly influence healthcare sector stock prices in the post-pandemic period?, RQ2: Does investor behavior significantly influence healthcare sector stock prices in the post-pandemic period?, RQ3: Which factors exert the strongest influence on healthcare stock prices after the COVID-19 pandemic?

Although previous studies have examined the determinants of stock prices in the healthcare sector, most studies focus either on financial fundamentals or investor behavior separately. Studies examining financial indicators generally emphasize profitability, liquidity, and leverage ratios, while behavioral finance studies focus on investor sentiment, herding behavior, and psychological biases. However, limited empirical evidence integrates both dimensions simultaneously, particularly in the post-pandemic healthcare sector where market conditions have shifted from crisis response toward economic normalization. Therefore, this study attempts to fill this gap by analyzing the combined influence of microeconomic factors and investor behavior on healthcare stock prices

This study offers two main contributions. Theoretically, it integrates microeconomic factors and investor behavior within a single empirical framework to explain healthcare stock price movements in the post-pandemic period. Previous studies generally examine these factors separately. Practically, the findings provide insights for investors, healthcare company managers, and policymakers regarding the key determinants of stock valuation during the post-pandemic market recovery phase.

RESEARCH CONTRIBUTOR

This study provides several contributions. First, theoretically, it contributes to the literature by providing post-pandemic evidence regarding the relative importance of financial fundamentals and investor behavior in stock price formation. Second, empirically, it offers evidence from healthcare companies listed on the Indonesia Stock Exchange (IDX), a sector that experienced substantial transformation during and after the C(OVID-19 pandemic. Third, from a policy perspective, the findings provide insights for investors, company managers, and regulators regarding the factors that influence stock valuation during the market recovery phase.

LITERATURE REVIEW

The healthcare sector has experienced significant changes in stock performance following the COVID-19 pandemic. Previous studies indicate that internal financial factors, such as revenue, operating costs, earnings per share (EPS), return on equity (ROE), price-to-earnings ratio (PER), debt-to-equity ratio (DER), and liquidity ratios, are important determinants of stock prices. In addition, behavioral finance theories suggest that investor psychology, including sentiment and risk perception, may influence market behavior. The Efficient Market Hypothesis (EMH) and Prospect Theory are relevant for understanding how both financial indicators and investor behavior affect stock valuation in healthcare companies.

Recent research highlights that the post-pandemic period has brought mixed results regarding the factors influencing stock prices. Some studies emphasize that financial performance dominates stock price movements, while others indicate that investor behavior

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plays a significant role in market fluctuations. Integrating microeconomic variables with behavioral finance provides a more comprehensive approach to analyzing stock price determinants, especially in a sector highly sensitive to public health crises.

Empirical studies have shown that revenue and controlled operating costs positively influence stock prices by improving profitability and investor confidence. EPS and ROE are traditional indicators of financial efficiency, reflecting a company's ability to generate earnings per share and returns on shareholders' equity, respectively. PER reflects market expectations regarding future earnings, while DER and current ratio (CR) provide insights into financial leverage and liquidity. Meanwhile, investor behavior, such as sentiment, overreaction, and herd behavior, can contribute to stock price volatility, although its effect may vary across sectors and economic conditions.

Based on this review, it is hypothesized that revenue, operating costs, EPS, ROE, PER, DER, CR, and investor behavior have measurable effects on healthcare stock prices, with the expectation that internal financial factors will have a stronger influence than psychological factors. The theoretical framework for this study integrates financial theory and behavioral finance, assuming that stock prices are shaped by both quantifiable financial performance and investor perceptions, with internal financial variables playing a dominant role in the post-pandemic healthcare sector.

Despite the growing body of literature on stock price determinants, previous studies present mixed findings. Abdulhadi and Dashtbayaz (2023) found that financial indicators significantly influence stock prices, whereas Bouri et al. (2021) emphasized the importance of investor behavior and herding effects during periods of uncertainty. These inconsistent findings suggest that the relative importance of financial fundamentals and investor behavior may vary depending on market conditions. During the pandemic, investor sentiment was strongly influenced by uncertainty and health-related information. In contrast, the post-pandemic period may encourage investors to rely more heavily on company fundamentals due to improved market stability. Therefore, further investigation is required to understand the determinants of healthcare stock prices in the post-pandemic period.

Table 1. Summary of Previous Studies and Identified Research Gap

Author	Variables	Findings	Research Gap
Liu et al. (2020)	COVID-19 and stock markets	Significant effect	Pandemic period only
Bouri et al. (2021)	Herding behavior	Significant	No financial variables
Abdulhadi & Dashtbayaz (2023)	Financial indicators	Significant	No investor behavior

Table 1 shows that previous studies generally focus on either financial factors or investor behavior. Few studies simultaneously examine both dimensions in the post-pandemic healthcare sector context.

In the post-pandemic period, investor behavior is expected to exert a weaker influence on stock prices than during the crisis period. During the COVID-19 pandemic, heightened uncertainty amplified behavioral biases such as herding, overreaction, and loss aversion. As market conditions gradually stabilized, investors were more likely to rely on observable financial information and company fundamentals when making investment decisions.

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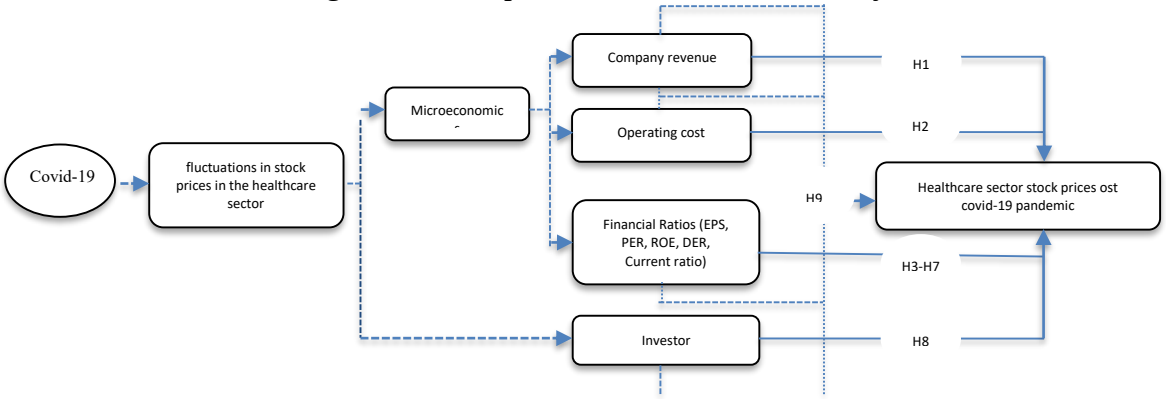
Therefore, this study hypothesizes that microeconomic variables will exert a stronger influence on healthcare stock prices than behavioral factors in the post-pandemic environment.

METHOD

This study uses a quantitative approach with a causal-descriptive method to analyze the influence of microeconomic factors and investor behavior on healthcare sector stock prices after the COVID-19 pandemic. The research design focuses on collecting numerical data that can be measured, categorized, and statistically analyzed to provide empirical results. The population of this study consists of healthcare service provider companies listed on the Indonesia Stock Exchange (IDX), with a sample of 14 companies observed over the period 2021–2024, representing the post-pandemic economic recovery phase.

This study adopts a theoretical position that company fundamentals and investor behavior jointly influence stock prices; however, their relative importance may differ across market conditions. During periods of crisis, behavioral factors tend to become more dominant due to uncertainty and emotional reactions. In contrast, during the post-pandemic recovery phase, investors are expected to place greater emphasis on financial fundamentals. Therefore, this study seeks to examine whether stock prices in the healthcare sector are primarily driven by microeconomic fundamentals rather than investor psychology, providing empirical evidence regarding the relative dominance of these two perspectives.

Figure 1. Conceptual Framework of the Study



Source: Developed by the authors based on signaling theory, efficient market hypothesis, and behavioral finance theory.

Table 2. Sample Selection Process

Criteria	Number of Companies
Healthcare companies listed on IDX	14
Companies with incomplete annual reports	2
Companies with missing stock price observations	1
Final sample used in regression analysis	11

The initial population consisted of 14 healthcare companies listed on the Indonesia Stock Exchange. However, after applying purposive sampling criteria and excluding firms with incomplete financial reports and missing stock price observations, the final sample consisted of 11 companies, resulting in a balanced panel dataset for the 2021–2024 period.

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The dependent variable is healthcare stock prices, measured using the annual closing stock price of each company. Independent variables include microeconomic indicators such as company revenue, operating costs, and financial ratios (EPS, PER, ROE, DER, and Current Ratio), as well as investor behavior. Investor behavior was proxied through market sentiment analysis based on financial news related to healthcare companies. News articles were collected from CNBC Indonesia and Bloomberg during the observation period and classified into three sentiment categories: positive (+1), neutral (0), and negative (–1). Positive sentiment referred to news indicating favorable business prospects, revenue growth, expansion plans, or positive market expectations. Negative sentiment referred to news associated with declining performance, financial difficulties, regulatory concerns, or unfavorable market reactions. Neutral sentiment represented factual information without a clear positive or negative implication. The coding procedure followed sentiment classification approaches commonly used in behavioral finance studies.

Data were collected from secondary sources, including company financial statements, Indonesia Stock Exchange (IDX) reports, and financial news publications. Data analysis was conducted using panel data regression with EViews version 12. The selection of the most appropriate model was performed using the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test to determine whether the Common Effect Model (CEM), Fixed Effect Model (FEM), or Random Effect Model (REM) best fit the data.

To improve the consistency of sentiment classification, all news articles were reviewed using predefined coding criteria based on the tone and implications of the information presented. The sentiment scores were then aggregated annually for each company to represent investor sentiment during the observation period.

Table 3. Robustness Check Results of Panel Regression Model

Variabel	Model 1: Level (Koef., p-value)	Model 2: Log-Lin (Koef., p-value)	Model 3: Double Log (Koef., p-value)
C	4.781.655 (0.0302)	7.982 (0.0000)	0.542 (0.0173)
X1	2.009601 (0.0302)	0.0024 (0.0331)	0.185 (0.0067)
X2	0.145116 (0.0016)	0.0019 (0.0462)	0.143 (0.0098)
X3	0.145115 (0.0000)	0.0003 (0.0029)	0.092 (0.0014)
X4	2.001032 (0.0002)	0.0002 (0.0032)	0.068 (0.1429)
X5	18.39092 (0.3281)	0.0016 (0.3532)	0.121 (0.2186)
X6	0.115111 (0.0000)	0.0132 (0.0156)	0.076 (0.0192)
X7	0.155174 (0.0012)	0.0045 (0.0304)	0.045 (0.0381)
X8	5.58127 (0.8755)	0.0027 (0.0608)	0.034 (0.0813)
R-squared	0.928	0.915	0.902
Adjusted R^2	0.907	0.894	0.880
F-statistic	43.076	40.562	36.712
Prob(F-statistic)	0.0000	0.0000	0.0000
Durbin-Watson	1.348	1.476	1.523

This methodology allows the study to generate quantitative results based on structured and sophisticated tools and materials. The research sample was determined using a purposive sampling method from healthcare companies listed on the Indonesia Stock Exchange (IDX) until 2024 and with complete stock price data for the 2021–2024 period. Of the 14 companies,

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only 11 met the criteria for complete annual data and were used in the regression analysis. These companies included BMHS, CARE, DGNS, HEAL, MIKA, PRDA, PRIM, RSGK, SAME, SILO, and SRAJ.

RESULTS AND DISCUSSION

Result

Descriptive Analysis Results

Descriptive analysis is employed to provide an overview of the characteristics of the research data, including the minimum, maximum, mean, and standard deviation values of each variable examined. This analysis aims to identify data distribution patterns, variability, and central tendencies among healthcare sector companies listed on the Indonesia Stock Exchange (IDX). The variables analyzed include share price, financial performance indicators, and key financial ratios that reflect profitability, capital structure, and liquidity. The results of this descriptive analysis serve as a preliminary foundation for understanding the financial condition of the companies and for supporting further empirical analysis in this study (Table 4).

Table 4. Descriptive Analysis Results

Variable	Min	Max	SD	Mean
Share Price (IDR)	422.39	13873.76	3625.87574	3870.14750
Revenue (IDR Billion)	563.38	2939.63	751.80760	1683.53023
Operating Expenses (IDR Billion)	375.27	2452.61	586.31361	1240.58545
EPS (IDR)	20.67	645.54	168.67563	198.01932
PER	10.38	24.80	4.17749	18.89409
ROE (%)	9.26	107.86	27.53609	40.02409
DER	0.31	1.46	0.36372	0.87045
Current Ratio	1.23	2.98	0.50438	1.97045

Descriptive analysis results show that the healthcare sector on the IDX has an average share price of IDR 3,870.15 with high variation, reflecting differences in operating scale between companies. Average revenue reached IDR 1,683.53 billion and operating expenses IDR 1,240.59 billion, while EPS of IDR 198.02 and PER of 18.89 indicate market optimism. An average ROE of 40.02%, a DER of 0.87, and a Current Ratio of 1.97 indicate a healthy financial structure. Furthermore, 70.5% of investors expressed positive attitudes toward this sector, reflecting strong confidence in the prospects and stability of the healthcare industry post-COVID-19 pandemic.

Statistical test results

This section presents a summary of the statistical testing results used to evaluate the relationship between financial performance, investor behavior, and stock prices of healthcare sector companies listed on the Indonesia Stock Exchange (IDX). The analysis includes classical model and assumption tests, partial and simultaneous hypothesis testing, the coefficient of determination, and robustness checks. These tests are conducted to ensure the appropriateness of the regression model, validate the reliability of the estimated coefficients, and assess the explanatory power and stability of the model. The results provide empirical evidence regarding the significance of each independent variable and the overall effectiveness of the model in explaining stock price movements (Table 3).

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Table 5. Summary of Statistical Test Results

No	Types of Analysis	Numerical/Statistical Results	Main Results
1	Classical Model and Assumption Tests	- Hausman test: p = 0.7357 → REM selected - LM test: p > 0.05 - Correlation between variables < 0.80 - Random residual pattern	Appropriate Model: Random Effects Model (REM)
2	Partial Test (t-test)	Significant variables (p < 0.05): - Revenue (0.0302) - Operating Expenses (0.0016) - EPS (0.0000) - PER (0.0002) - DER (0.0000) - CR (0.0012) Insignificant variables: ROE, Investor Behavior	Internal (financial) factors are more dominant in influencing stock prices than psychological factors.
3	Simultaneous Test (F-test)	Prob(F-statistic) = 0.000000 < 0.05	All independent variables are simultaneously significant.
4	Coefficient of Determination (R^2)	R^2 = 0.928 Adjusted R^2 = 0.907	92.8% of the stock price variation is explained by the model.
5	Robustness Check	Log-line & double-log models: R^2 = 0.902–0.915; results remain significant	There is no change in direction or significance of the coefficients.

The results of statistical tests indicate that the most appropriate regression model is the Random Effect Model (REM), because the results of the Hausman Test (p = 0.7357) and the LM Test (p > 0.05) support the selection of the model and meet the classical assumptions without multicollinearity or heteroscedasticity. Based on the partial test (t-test), the variables of income, operating costs, EPS, PER, DER, and Current Ratio have a significant effect on stock prices, while ROE and investor behavior have no significant effect, indicating that internal financial factors are more dominant than investor psychological factors. The simultaneous test (F-test) produces a Prob(F-statistic) value = 0.000000 < 0.05, which means that all independent variables have a significant effect together on stock prices. The coefficient of determination value of R^2 = 0.928 and Adjusted R^2 = 0.907 indicates that the model is able to explain 92.8% of stock price variations, indicating a very high model strength. The robustness check results also confirmed the consistency of the model, where the R^2 value remained high (0.902–0.915) without changes in direction or significance of the coefficient, so that the model was declared stable and reliable.

The relatively high R^2 value (0.928) may be explained by the inclusion of multiple firm-specific financial indicators that are directly related to stock valuation, such as earnings, leverage, liquidity, and revenue performance. Furthermore, the healthcare sector tends to be relatively homogeneous in terms of business characteristics, which may contribute to stronger explanatory power. However, a high R^2 should not automatically be interpreted as evidence of a perfect model, as other unobserved factors, including macroeconomic conditions and market sentiment dynamics, may also influence stock prices.

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Discussion

The Effect of Corporate Revenue on Healthcare Sector Stock Prices Post-COVID-19 Pandemic.

Based on the t-test results the calculated t-value was 8.23504 with a significance level of 0.0302, which is below 0.05. This indicates that corporate revenue has a significant positive effect on healthcare sector stock prices in Indonesia in the post-COVID-19 period. In other words, higher company revenue corresponds to higher stock prices. These results support the hypothesis that financial performance, particularly revenue, reflects a company's prospects and financial health, which are primary considerations for investors in making investment decisions.

These findings align with (Pražák, 2020) who noted that microeconomic factors such as profitability and earnings ratios are key determinants of stock prices, as well as Ramij & Das (2021), who found that ROA and EPS closely related to revenue—positively influence stock prices in the Bangladeshi insurance sector. The results emphasize the importance of micro-indicators in assessing company stock performance. Additionally, (Hakim & Martono, 2019) highlight that financial performance, including revenue, is a microeconomic factor influencing profitability and the attractiveness of stocks to investors.

This study also contributes to the literature by highlighting the role of revenue in the healthcare sector, which has undergone significant transformation due to the pandemic. Unlike previous research focusing on investor sentiment (Khan et al., 2021)this study emphasizes the importance of actual company performance in shaping investor expectations of stock value. Practically, the findings suggest that company management should continuously improve revenue performance to attract investors and increase company valuation in the capital market

The Effect of Operating Costs on Healthcare Stock Prices Post-COVID-19 Pandemic.

The t-test results show that the operating costs variable has a calculated t-value of -9.029645 with a significance level of 0.0016, which is below 0.05. This indicates that operating costs have a significant negative effect on healthcare stock prices listed on the Indonesia Stock Exchange in the post-COVID-19 period. The negative regression coefficient suggests that an increase in operating costs reduces stock prices, as higher costs lower net profits, directly influencing investor perceptions of a company's value. Statistically, there is sufficient evidence to reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1), confirming that changes in operating costs are significantly correlated with stock price movements.

This finding is consistent with operational efficiency theory, which states that companies with efficient cost structures are more attractive to investors due to healthier financial performance. In the healthcare sector, operating costs include medical consumables, devices, personnel wages, and logistical and management expenses. When these costs are not optimally controlled post-pandemic, profit margins decline, and stock prices respond negatively. Previous studies (Baig et al., 2021) (Virtyani et al., 2021b) also show that sectors with high or uncontrolled operating costs tend to experience lower stock returns and that investors increasingly consider cost efficiency when making investment decisions.

Furthermore, the results support research by Liapis et al. (2023), which emphasizes that investors view a company's ability to manage operating costs as an indicator of managerial efficiency. Companies that can reduce costs without compromising service quality boost investor confidence, while uncontrolled cost increases signal managerial and financial risk, reducing market interest. Therefore, it can be concluded that operating costs play a critical role in stock price determination, and healthcare companies must prioritize operational efficiency

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post-pandemic to maintain profitability, competitiveness, and investor trust in the capital market (Liapis et al., 2023).

The Influence of EPS on Healthcare Sector Stock Prices after the COVID-19 Pandemic.

Based on the t-test results in Table 4.8, the Earnings Per Share (EPS) variable has a coefficient of 0.145115, a t-statistic of 9.029645, and a p-value of 0.0000, which is below the 0.05 significance level. This indicates that EPS has a significant positive effect on healthcare sector stock prices post-COVID-19. In other words, higher EPS is associated with higher stock prices, assuming other factors remain constant.

The positive effect of EPS reflects that a company's ability to generate earnings per share increases investor interest, driving stock prices upward. This aligns with signaling theory, which suggests that high EPS sends a positive signal about a company's financial performance, managerial efficiency, and profitability, thereby enhancing investor confidence.

These findings are supported by previous studies, such as Bildirici et al. (2022) and Choi & Yoon (2020), which emphasize that EPS is a key indicator considered by investors when assessing stock value. Therefore, it can be concluded that EPS significantly influences healthcare stock prices post-pandemic, highlighting the importance of corporate earnings performance in attracting investors and maintaining market confidence (Bildirici et al., 2022) (Choi & Yoon, 2020),

The Influence of PER on Stock Prices in the Healthcare Sector Post-COVID-19 Pandemic.

Based on the regression results, the Price-to-Earnings Ratio (PER) variable has a coefficient of 2.001032, a t-statistic of 4.331601, and a p-value of 0.0002, which is below the 0.05 significance level. This indicates that PER has a significant positive effect on healthcare stock prices post-COVID-19, meaning that higher PER values are associated with higher stock prices, assuming other factors remain constant.

The positive effect of PER reflects investor perception that companies with higher PER have better future earnings growth prospects. In the healthcare sector, post-pandemic transformations such as digital healthcare expansion, increased hospital capacity, and development of vaccines and medical devices acted as catalysts that boosted investor confidence. The PER thus serves as a forward-looking indicator, signaling expected profitability and growth potential to the market.

These findings are consistent with previous studies (Hakim & Martono, 2019; Hartono et al., 2020; Liapis et al., 2023), which emphasize that PER is an important measure for investors when evaluating stock feasibility and prospects. In the resilient healthcare sector, a higher PER indicates positive market expectations and rational valuation, highlighting its key role in guiding investment decisions. Therefore, it can be concluded that PER significantly influences healthcare stock prices post-pandemic by reflecting investor confidence in the sector's growth potential (Hakim & Martono, 2019), (Hartono et al., 2020) (Liapis et al., 2023).

The Effect of ROE on Healthcare Sector Stock Prices Post-COVID-19 Pandemic.

Return on Equity (ROE) measures how efficiently a company generates profits from its equity and is often used by investors to assess profitability. This study analyzed the effect of ROE on healthcare sector stock prices listed on the Indonesia Stock Exchange post-COVID-19. The regression results showed a ROE coefficient of 18.39092, t-statistic of 0.994108, and p-value of 0.3281, which is above the 0.05 significance level. This indicates that ROE does not have a statistically significant effect on stock prices during the observed period.

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Although the ROE coefficient is positive, its impact on stock price changes is not significant. This may be due to investors prioritizing other financial indicators such as revenue, liquidity, or capital structure in the post-pandemic recovery period. Structural changes and fluctuations in the healthcare sector may also reduce ROE's relevance in reflecting short-term stock performance, while variables like DER, EPS, and operating costs play a more dominant role.

These findings are consistent with previous studies (Kim & Lee, 2021), which suggest that in volatile market conditions, ROE is less influential for short-term stock pricing. While ROE remains important as a long-term performance indicator, it does not directly determine stock prices in the post-pandemic healthcare sector. Investors and management should consider other key financial factors to effectively influence stock performance in the current market environment. (Kim & Lee, 2021).

The Effect of Debt-to-Equity Ratio (DER) on Healthcare Stock Prices Post-COVID-19 Pandemic.

The Debt-to-Equity Ratio (DER) measures the extent to which a company uses debt relative to equity to finance its assets, serving as an indicator of capital structure and financial risk. The analysis shows a DER coefficient of 0.115111, t-statistic of 8.029641, and p-value of 0.000, indicating a significant effect on healthcare stock prices. The positive coefficient indicates that healthcare companies with higher leverage may be perceived as having greater growth opportunities, resulting in higher stock valuations.

From an investor's perspective, a high DER raises concerns about a company's ability to meet long-term obligations and interest payments, particularly in the post-pandemic economic environment. Many healthcare companies relied on external financing to sustain operations and expand services after COVID-19, but excessive debt without corresponding profit growth can worsen the DER ratio and reduce investor confidence (Thach & Van Diep, 2018)

These findings align with the pecking order theory, which emphasizes a preference for internal financing or equity over debt. A high DER limits financial flexibility and increases potential liquidity risks. Therefore, healthcare companies seeking to maintain investor attractiveness must carefully manage their capital structure, keep DER within reasonable limits, and avoid excessive long-term debt to support stable stock prices

Influence of Microeconomic Factors and Investor Behavior on Healthcare Stock Prices Post-COVID-19

The analysis shows that several microeconomic factors significantly affect healthcare stock prices in Indonesia post-COVID-19. Earnings Per Share (EPS), Price-to-Earnings Ratio (PER), Debt-to-Equity Ratio (DER), Operating Costs, and Current Ratio (CR) all demonstrate significant effects, while Return on Equity (ROE) and investor behavior do not have a statistically significant impact individually. Higher EPS, PER, and CR positively influence stock prices by signaling strong earnings performance, growth prospects, and liquidity stability, whereas higher DER and Operating Costs negatively affect stock prices due to increased financial risk and lower profitability. These results highlight that investors prioritize fundamental financial indicators when assessing stock value, especially in the relatively stable healthcare sector.

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Simultaneous regression analysis confirms that microeconomic factors together with investor behavior significantly influence stock prices, with an F-statistic of 12.87123 and an R-squared of 0.7985. This indicates that approximately 79.85% of stock price variation is explained by the model, emphasizing the dominant role of company fundamentals in guiding investment decisions. (Bildirici et al., 2022). (Bordin & Tomasgard, 2021) While individual variables such as ROE and investor behavior are not significant alone, (Liu et al., 2020), (Liapis et al., 2023) the overall model demonstrates that both financial performance and market perceptions contribute to stock price fluctuations, The findings provide partial support for the Efficient Market Hypothesis. However, the insignificant effect of investor behavior should be interpreted cautiously because behavioral influences may still emerge during periods of heightened uncertainty or market stress. (Hoshovska et al., 2020) (Banchit et al., 2020)

These findings suggest that post-pandemic, investors in the healthcare sector focus more on tangible financial indicators than on behavioral or psychological factors. (Prasad et al., 2023) (Costola et al., 2023) Companies are advised to maintain operational efficiency, manage debt prudently, and ensure strong earnings and liquidity to remain attractive to investors. Although investor behavior may influence short-term market movements, long-term stock performance is largely driven by fundamental microeconomic factors. This provides practical guidance for management and policymakers to strengthen financial reporting transparency and strategic decision-making in the healthcare sector.

Furthermore, it is important to consider that the influence of microeconomic factors on stock prices may vary depending on firm size and stock valuation characteristics. Previous studies suggest that large-cap healthcare companies tend to be more sensitive to fundamental indicators such as earnings stability, liquidity, and capital structure, while smaller firms are more affected by growth expectations and cost efficiency Similarly, value and growth stocks respond differently to financial signals, where value stocks are more influenced by profitability and leverage, whereas growth stocks are driven by future earnings expectations and market sentiment . Therefore, differences in company size and stock valuation may lead to variations in the determinants of healthcare stock prices, which should be considered when interpreting the results of this study (Yudhistirangga et al., 2025).

The finding that firm size and stock valuation characteristics moderate the impact of microeconomic factors on stock prices is further substantiated by recent research on corporate strategy and business environment. The study by Shellyane and Dharmastuti (2025) demonstrates that ESG performance positively influences financial outcomes primarily through its role as a catalyst for innovation, particularly measured by R&D intensity. This suggests that for companies especially those categorized as 'growth' stocks or smaller firms their ability to translate sustainability commitments into tangible innovations becomes a critical driver of financial performance and, consequently, stock valuation. A small healthcare company with high ESG scores might see its stock price rise not just because of current profitability, but because investors perceive its strong ESG practices as a signal of future innovative capacity, such as developing new digital health platforms or sustainable medical products (Shellyane. Elizabeth Agustine & Dharmastuti, 2025).

Conversely, the work of Eriswanto and Antony (2025) on the traditional medicine industry in West Java highlights how the broader business environment significantly shapes a company’s competitiveness and, by extension, its financial performance. Their findings show that factors like market access, technology adoption, and access to finance are dominant determinants of competitiveness, with larger-scale enterprises consistently outperforming smaller ones due to greater resource availability. This directly mirrors the context of the

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Indonesian healthcare sector, where large-cap hospitals or pharmaceutical firms likely benefit from better access to capital for technological upgrades and wider distribution networks, making them more resilient and attractive to investors. Meanwhile, smaller healthcare providers may face significant gaps in financing and technology, making their stock performance more volatile and sensitive to operational cost efficiency rather than long-term profitability metrics like ROE (Eriswanto & Antony, 2025).

Therefore, the differential impact of microeconomic factors observed in this study can be understood as a reflection of these deeper strategic and environmental dynamics. The size and value classification of a healthcare stock does not merely describe its market cap or PBV; it also signals its position within a complex ecosystem where ESG-driven innovation and external business conditions play decisive roles in shaping its financial trajectory and investor appeal.

This study is limited to analyzing the price level of healthcare stocks; thus, future studies are recommended to examine stock price volatility in order to capture risk dynamics and investor reactions more comprehensively in the post-pandemic period (Utomo et al., 2022).

This study contributes to the literature by extending signaling theory and behavioral finance perspectives in the post-pandemic healthcare sector. The findings indicate that investors rely more heavily on financial signals such as revenue growth, earnings performance, liquidity, and capital structure than on behavioral sentiment. This supports signaling theory, which suggests that investors respond to observable financial information when evaluating firm value. The findings also provide partial support for the Efficient Market Hypothesis, indicating that stock prices in the healthcare sector largely reflect company-specific financial information during the market normalization period.

This study has several limitations. First, the sample is limited to healthcare companies listed on the Indonesia Stock Exchange, which may restrict the generalizability of the findings. Second, investor behavior is measured using news sentiment analysis, which may not fully capture psychological biases such as overconfidence, herding behavior, and loss aversion. Third, macroeconomic variables such as inflation, interest rates, and exchange rates were not included in the model. Future studies are encouraged to incorporate these variables and extend the observation period to provide a more comprehensive understanding of stock price determinants.

CONCLUSION

The conclusion of this study confirms that the research aimed to analyze the influence of microeconomic factors and investor behavior on the stock prices of healthcare companies listed on the Indonesia Stock Exchange (IDX) until 2024. Based on the analysis, it was found that internal microeconomic variables, such as revenue, operating costs, EPS, PER, DER, and Current Ratio, significantly influence stock prices. Conversely, ROE and investor behavior did not show a significant influence. These findings indicate that a company's internal financial condition plays a dominant role in determining stock value compared to external factors or investor psychology, reinforcing the relevance of microeconomic theory and signaling theory in the context of the Indonesian capital market. Practically, the results of this study provide strategic direction for healthcare company management to improve operational efficiency, strengthen profitability, and maintain stable financial ratios to remain attractive to investors. Investors are advised to focus on fundamental indicators such as EPS, PER, DER, and Current Ratio when making investment decisions. Regulators can use these findings to strengthen financial reporting transparency policies and market education, thereby creating greater

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efficiency and public trust. To increase a company's stock value, the primary focus should be on internal financial management and effective operational strategies. For further research, it is recommended to add macroeconomic variables, expand the sectors and observation period, and consider investor psychological factors in more depth so that the research results are more comprehensive and can be generalized more widely.

Overall, the findings indicate that healthcare stock valuation in the post-pandemic period is driven primarily by company fundamentals rather than behavioral sentiment. This suggests a transition from crisis-driven investment behavior toward more rational and information-based decision-making as market conditions normalize.

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