Report On

The Impact of Government Instability on Fiscal Policy, Pricing, and Sales Performance in the Luxury Furniture Industry: Evidence from Shanta Lifestyle Limited (SLL).

By

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21304030

An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of
Bachelor of Business Administration

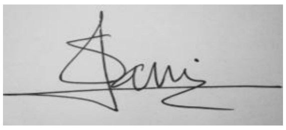
BRAC Business School
Brac University
January, 2026

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:



Mohammad Nafe As Sami
21304030

Supervisor's Full Name & Signature:

Dr. Nitai Chandra Debnath
Associate Professor, BRAC Business School
BRAC University

Letter of Transmittal

Dr. Nitai Chandra Debnath

Associate Professor,

BRAC Business School

BRAC University

Kha 224 Pragati Sarani, Merul Badda, Dhaka 1212, Bangladesh.

Subject: Submission of Internship Report

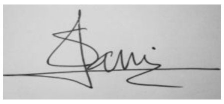
Dear Assoc. Prof. Debnath,

I am honored to state that I have finished my internship report under your guidance on "Impact of Government Instability on Fiscal Policy, Pricing, and Sales Performance in the Luxury Furniture Industry: Insights from Shanta Lifestyle Limited (SLL)." This report includes my overall experience, observations, and learnings while working with Shanta Lifestyle Limited's Finance & Accounts Department as a Product & Pricing Intern.

I have tried my best to give practical and useful information while not disclosing confidential information about the company.

Therefore, I really hope that this report will fulfil your expectations.

Sincerely yours,



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Mohammad Nafe As Sami

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BRAC Business School

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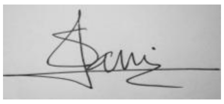
Date: Month Day, Year

Non-Disclosure Agreement

This agreement is made and entered into by and between Shanta Lifestyle Limited and the undersigned student at Brac University Mohammad Nafe As Sami report on "Impact of Government Instability on Fiscal Policy, Pricing, and Sales Performance in the Luxury Furniture Industry: Insights from Shanta Lifestyle Limited (SLL)" is an original work done by me under the supervision of **Dr. Nitai Chandra Debnath,** PhD, FCMA, Associate Professor, BRAC University, and my on-site supervisor**, K.M. Jabed Iqbal,** Assistant General Manager, Shanta Lifestyle Limited.

I, Mohammad Nafe As Sami, will maintain professionalism and will not publish or share any confidential information of the company, even after my internship contract ends with Shanta Lifestyle Limited.



Mohammad Nafe As Sami

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Acknowledgement

First and foremost, I want to convey my gratitude to my Creator, Allah SWT, for blessing me with good health, wealth, education, and positive people. Secondly, I would like to express my gratitude to my university supervisor, **Dr. Nitai Chandra Debnath,** for having faith in me and providing me with proper guidance to complete this paper successfully. Next, I thank my university co-supervisor, **Ms. Noshin Anjum Chaiti,** for giving me additional guidance to complete this paper.

Furthermore, I would like to express my sincere gratitude to my on-site supervisor, **Mr. AKM Jabed Iqbal, Assistant General Manager, Head of the Finance, Accounts & Business Operations Department,** for his continuous support and patience throughout the internship. Moreover, I would like to thank Senior Executive **Ms. Tasmim Tabassum**, my mentor at SLL, for her guidance, time, and faith in me throughout my internship period, which greatly inspired me. Additionally, I would like to thank other members of the department of Finance, Accounts & Business Operations, who were constantly supportive and helpful throughout my internship journey.

In addition, a big thanks goes to my friends**: Tanzuma Tabassum, Mamun Abdullah, Rafsan Nafiz, Zawad Rahman, and Rifa Tasnim** for making my undergrad journey a wonderful and memorable one.

Finally, my heartfelt gratitude goes to my grandmother, **Kawser Akter**; my parents, **Mohammad Anas** and **Ishrat Jahan;** my brother, **Mohammad Nafe Assafi;** my sisters, **Sadia Ishrat Anam** and **Sadia Iffat Anam**; and my aunt, **Mahbuba Akter**, for being my constant support and strength, which helped me to overcome every obstacle in my life.

Executive Summary

The study is based on my observations, personal experiences, and experiences during my internship at Shanta Lifestyle Limited. It provides an overview of the Luxury Furniture Industry and how a volatile government has influenced the total sales, and the analysis of the risk management strategies necessary to sustain growth.

In chapter 1, I have described the experience of my internship with Shanta Lifestyle Limited (SLL) and mentioned my role, contribution, and the challenges that I encountered in the company. My learning experience was great due to my supervisor and other colleagues. However, SLL being a Private Limited Company, confidential information and Financial Statements were not easily available.

In chapter 2, I have addressed how the current practices in terms of management, marketing, financial and accounting, operations management, and information practices are helping grow the business. Finally, SWOT analysis and 5 forces by Porter have been used to conduct a competitive analysis. Subsequently, this part of the report reflects the strengths and opportunities of SLL, which turned it into a unicorn in a span of time. Finally, I offered some recommendations based on my observation and view.

In chapter 3, I discussed the impact of government instability in Bangladesh on fiscal volatility that is raising the import costs and pressure on the pricing of Shanta Lifestyle Limited. Increasing compliance costs and obligations had to be passed on, increasing the price, which weakened consumer confidence and sales performance. The results indicate that import-dependent luxury retail requires proactive pricing, predictability of fiscal risks, and policy predictability.

As such, this research has helped me to realize that the Luxury Furniture Industry is an expanding industry, and government stability and policies are crucial factors.

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Chapter 1: Overview of Internship

1.1 Student Information

Name: Mohammad Nafe As Sami

ID: 21304030

Program: Bachelor of Business Administration (BBA)

Major: Accounting

Minor: Finance

1.2 Internship Information

1.2.1 Period, Company Name, Department, Address

Period: 3 Months

Company: Shanta Lifestyle Limited (SLL)

Department: Finance & Accounts

Address: Shanta Forum Twin Tower, 187,188/B, Bir Uttam Mir Shawkat Sarak, Tejgaon, Dhaka

1.2.2 Internship Company Supervisor's Information

Name: K.M. Jabed Iqbal

Designation: Assistant General Manager, Head of Finance, Accounts & Business Operations.

1.3 Internship Outcomes

1.3.1 Student's Contribution to the Company

During my 3-month period of internship, I have tried my best to fulfil my responsibilities on time. For instance, as the business is about luxury European furniture's, I had to study all the partnered companies/brands and submit reports, gradually learning how each company does its pricing (commonly known as Ex-work)) for different regions of the world and especially for Bangladesh, and finally assisted in doing pricing of upcoming new shipments, revaluating the current stock products, taking trainings about Ex work to newly recruited sales team, presenting IFRS standards and company policies alignment. I also did pricing for Chinese Furniture as well for turnkey projects as well.

1.3.2 Benefits to the Student XXX

Firstly, none of the employers and permanent employees treat the intern as an outsider or temporary employee; they give value and respect to the interns as they provide to their permanent employees and consider the interns as a part of their team. Secondly, department heads from distinct departments take several training sessions and provide certificates, and from these, the interns get detailed knowledge about the overall business operations and how different departments work to smoothly fulfill their responsibilities. Thus, SLL ensures that all the interns get proper knowledge on Luxury Furniture Industry and the operational activities of SLL. Furthermore, they provide proper technical support to all the interns to smoothly conduct their daily activities at SLL. Besides, SLL provides basic medical services to its permanent and contractual (e.g., interns) employees. Therefore, in SLL, the environment is friendly, and it tries to make the interns motivated through on-time salary payment, smooth IT, and medical services, along with taking insightful training sessions. Lastly, if the interns give satisfactory performance during their internship period, then based on the job availability they get an offer to become a permanent employee of Shanta Lifestyle Limited.

1.3.3 Difficulties faced during the internship period XXX

This is my first full-time job, and sitting for a long time was difficult for me initially. Consequently, after 1 month, I was able to cope with it. During the internship period, I fell sick and had to apply for sick leave for a week. I am grateful to SLL for approving the sick leave. After taking a one-week break, the condition of my health improved, and I joined SLL again. Secondly, as an intern, I was not provided with a temporary ID Card and had to rely on my HOD for punching in and out to keep a record of attendance. Shanta Lifestyle Limited is a privately owned company with a subsidiary of Shanta Holdings Limited, and the inside information is highly confidential. Thus, I faced difficulties while writing chapters 2 and 3 of this report, and had to rely on interviews, training sessions, my personal experience, in-depth market research, and the already published new articles and academic papers. However, the on-site supervisor and other employees were cooperative, and they gave their time and effort in explaining the work process, which enhanced my knowledge about how the Luxury Furniture Industry operates in Bangladesh, and how SLL operates.

1.3.4 Recommendations (to the company on future internships)

First, SLL should arrange ID Cards (temporary if needed) for the interns, as it becomes very difficult to keep a record off clock in and clock out time and monthly attendance. Secondly, the office environment is friendly, but the work is very monotonous. Arranging a breakroom would be very helpful for all the employees. Thirdly, the company pays a lot to implement ERP software, so they should arrange training programs and make sure all the employees are evaluated after the training for a smoother transition.

Chapter 2: Organization Part

2.1 Introduction

This part will entail a discussion of the management, marketing, and financial practices of Shanta Lifestyle Limited (SLL). Moreover, it provides a summary of the daily operations of the company to operate the business without hitches. In addition, it examines the means and approach that will be needed to differentiate oneself in the Bangladesh luxury business. There are also the operation management and information system practices of SLL as discussed in this part. The fundamental purpose of these conversations is to provide an overview of these ideas and to recommend effective suggestions concerning the improvement of the company. Finally, there has been a competition analysis, which has been carried out by conducting a SWOT analysis and Porters 5 forces.

2.1.1 Objective:

The general aim of Chapter 2 is to present an overview of Shanta Lifestyle Limited and to present an analysis of the operational activities of SLL. The targeted goals of this chapter are:

- Determining the style of leadership in the organization and the way the leadership style assists the organization in working efficiently.
- How HR tries to motivate the existing employees, and how they approach talent acquisition and training.
- The effectiveness of the marketing and branding strategy of SLL in the competitive market.

- Identifying the flaws in its marketing operations and providing recommendations for the same.
- Competitive analysis to determine its strengths, weaknesses, threats, and opportunities

2.1.1 Scope:

This part of the report will provide an insight into the current HRM practices, marketing practices, operations management, and financial and accounting practices of the company. I have achieved this section by conducting interviews with the head of departments and other department employees. Therefore, the SLL team will obtain a detailed picture of the contributions of its actual practices to the growth of the company. In addition, I provided recommendations relying on my opinion and observation, and these recommendations will assist them in appreciating the gaps in their existing practice. The company or an employee with long-term experience working with Shanta Lifestyle Limited can make this part of the report more rigorous. Finally, I completed the industry and competitive analysis based on SWOT and Porters 5 forces, which will assist SLL to realize its position in the market relative to the competitors. I also present some recommendations, which could assist the company to work better in the market.

Thus, within this section, Shanta Lifestyle Limited will receive an overview of its current practices and how the current practices benefit the company. In addition, they can respond in accordance with my observations and advice, as well as their personal observations and views.

2.1.2 Methodology:

This part of the study made use of the primary information. The primary data have been gathered by interviewing the employees of individual departments. In addition, the department heads of SLL have held several training sessions, which are used as primary data for this part of the report.

2.1.4 Limitations:

Shanta Lifestyle Limited is not a publicly-traded company, but a start-up of Shanta Holdings Limited. Insider information is, hence, very secret. Therefore, there will be no disclosure of confidential information, and any internal information will be utilized with the permission of the head of the Finance and Accounts and the CEO himself. That is one of the disadvantages of this study, as some confidential information cannot be disclosed. This leads to the inadequacy of information on the section on the financial performance and accounting practices, which the Group CFO of Shanta directly monitors. Besides, the time of a 3-month internship might be inadequate to conduct adequate observations; there has been a certain element of final judgment without thorough scrutiny.

2.1.5 Significance of this study:

Through this research, I was able to acquire an in-depth knowledge of the luxury business and the supporting factors of SLL. I have mentioned the measures that SLL has taken to become one of the leading luxury lifestyle companies in the market within a very short time. Moreover, the strengths and opportunities of SLL, the threats and weaknesses have been discussed in this paper. The company is hence also interested in this report because with this research paper, they will be in a position to know where they are failing and can take the necessary actions. Moreover, the general audience of this article will gain knowledge about the luxury living business and Shanta Lifestyle Limited. Customer acquisition is the crucial element, given that the Bangladesh Luxury Industry has a highly niche market.

2.2 Overview of the Company

2.2.1 Emergence of Shanta

Shanta Holdings Limited (SHL) can be traced back in 1988, when the company was initially introduced in the Bangladesh ready-made garment (RMG) industry as one of the initial firms to enter the export business in the industry. Shanta has been established by one of the most successful entrepreneurs, Khondoker Monir Uddin, who, in the near future, managed to create an image of a trusted retailer of major U.S. and European brands, which is backed with its subsidiaries, including Shanta Garments Ltd., Shanta Industries Ltd., Shanta Wash Works Ltd., GDS Chemicals Ltd., and Shanta Denims Ltd. Being a diversified conglomerate, Shanta Holdings Limited officially started in 2005 having abandoned the RMG industry and resorted to its construction zeal which began in 1991 in the Shanta Western Tower of Dhaka. The family of Monir Uddin, who occupies the Managing Director post are family members (Director Jasmine Sultana, his spouse, Director Saif Khondoker, his son, and Director Mayesha Khondoker, his daughter) and is a source of legacy and innovation. Elsewhere, SHL is a majority shareholder and co-founder of the STS Group, which sells world-class facilities, including Evercare Hospitals in Dhaka and Chattogram (formerly Apollo Hospitals), International School Dhaka (ISD), Glenrich International School, Universal College Bangladesh (UCB), and Delhi Public School Dhaka. It has also ventured into 2015 financial services with Shanta Securities Ltd., Shanta Asset Management Ltd., and Shanta Equity Ltd., and more recently into insurance with Shanta Life Insurance PLC. Contact SHL has a history of construction, and among them is the 16-storey Safura Tower in Banani, the first multi-disciplinary super-specialty hospital in the country, with a total of over 335,000 sq ft of state-of-the-art RMG factory and 550,000 sq ft at the Dhaka Export Processing Zone. Its excellence is justified by its success: since 2000, the government of Bangladesh has proclaimed it a Commercially Important Person (CIP), and has won the Superbrands Bangladesh award in the Real Estate category four in a row (2025-26), which speaks in favor of the high degree of reliability and innovativeness.

2.2.2 Current Situation of Shanta Holdings Limited

The Bangladesh real estate market is competitive; hence, SHL is a market player because it has succeeded in positioning itself as one of the most preferred developers of high-end development projects in the real estate market, with a portfolio of luxury residential and commercial real estate projects that are internationally standardized. As the population of Dhaka continues to grow at an alarming rate as its residents have migrated to the city, which is predicted to raise Dhaka by 20 percent by 2030, SHL is strategically investing into up and coming market like Bashundhara and Uttara with its presence through the use of sustainable high efficiency projects that consider the environmentally friendly architecture to reduce its cost of operations by up to 15 percent. This puts SHL a step ahead of the competition and the industry, as it has established quality and functional product standards that have been developed fast since 2005, after being a niche developer and coming out as one of the five leading developers since 2005. The company's mission, which is to develop new standards based on innovation and sustainable solutions that exceed the expectations of the stakeholders, is being realized actively through a team of over 200 professionally trained employees, both local and international, based on their training in development, management, and construction. To complement this, SHL is to be the most trustworthy brand in the area as satisfying the requirements of the community is fulfilled by an all-inclusive solution, like air-conditioned education complexes, like the 200,000 sq ft ISD, and financial services, enhancing the economic accessibility. The 2025 Super brands and other recent awards testify to the strength of the innovative mindset of SHL to become a dominant force in the market that builds trust and long-term value in a market with a value of over 3 billion annually.

2.2.3 Shanta Lifestyle (SLL): A Strategic Business Unit (SBU) of Shanta Holdings Limited

One of the most essential points of the daily lifestyle marketing, which seems to provide the standards of interior design and home decor products to the transforming tastes of the high-income urban consumers in Bangladesh, is a wholly-owned subsidiary of SHL, Shanta Lifestyle Limited, which was founded in 2022 and seems to be one of the central aspects of promoting everyday lifestyle. The Founding Director, Mayesha Khondoker, is at the helm of the strategic direction, and her role in SHL is dedicated to the introduction of the family-led innovation into the operations; the Chief Executive Officer is Dewan Sajid Afzal, who has experience in executive leadership and brand management to spearhead the expansions. Shanta Lifestyle does not have any Managing Director or Executive Director positions, as they are included in the larger leadership of SHL; the leadership of the company is Group CEO M. Habibul Basit and Executive Directors, including Md. Mujibur Rahman. The subsidiary has its independent leadership under the CEO, whose role is to provide exclusive and luxurious products in the form of high-end furnishings and lighting, and custom decor, sourced around the globe to meet the needs of the architects, interior designers, homeowners, and corporate customers. A mission statement of becoming the most important destination of choice to the following stakeholders coincides with a vision of reinventing quality living by combining functionality, aesthetics, and sustainability as the SHL ethos. Shanta Lifestyle works based on the theory of opening flagship showrooms at high-end locations in Dhaka, including Gulshan and Banani, and an exclusive multi-brand experience center at Shanta Forum - Tejgoan, where they offer end-to-end services, including conceptualization, to installation with digital platforms further supporting their availability during the remote consultation. This model has been used to capture the niche in a short period because it targets the home decor market of 500 million dollars, and it targets materials that are environmentally conscious, which have saved 20 percent of the carbon footprint compared to the local averages. It supplements its ecosystem with joint ventures with designers from different regions, including the designs produced by the Bangladesh Institute of Architects, which can ensure that the projects remain authentic, and joint ventures with the local design studios, including those designed by the Shanta Skymark in Gulshan, are employed to produce the projects in the context of SHL real estate development.

2.3 Management Practices:

2.3.1 Overview of SLL's Top-line Management;

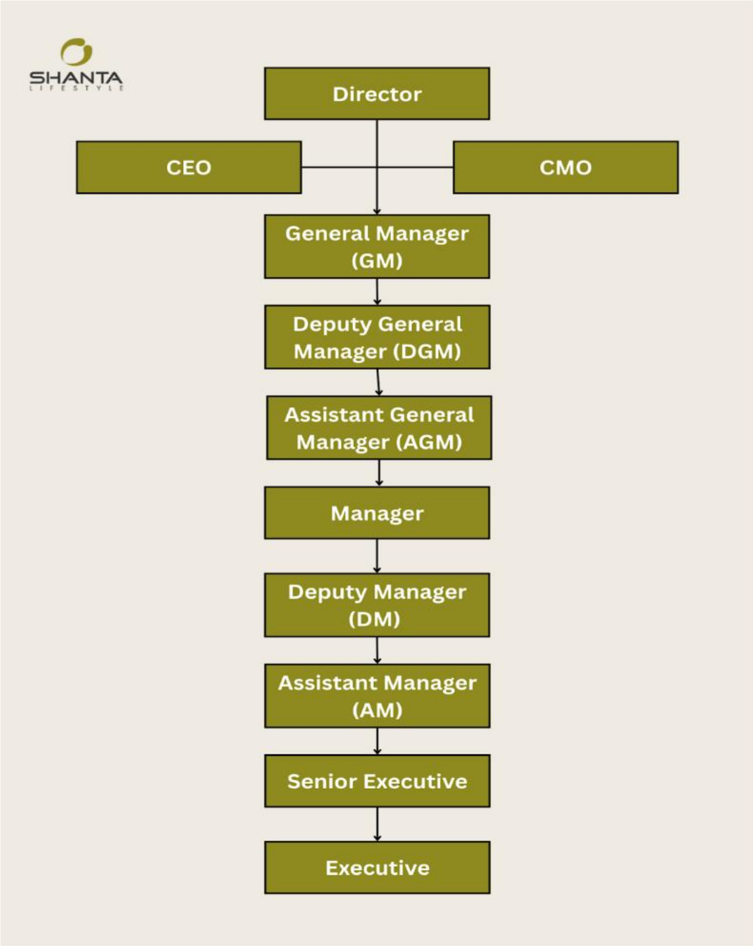

Figure 1: Shanta Lifestyle Limited Organogram;

2.3.2 Leadership Practices

The type of leadership that is practiced at Shanta Lifestyle Limited is participative leadership. All employees, irrespective of the level, freely communicate their perceptions and thoughts. This has led to the regular meetings that are held by all the departments to achieve their agendas effectively. The company ensures that there are frequent cross-functional working and meetings to express the views of each department. The rights of employees, including the senior and junior, to express their opinion are equal, including the interns, who attend the meetings regularly, and are involved in the meetings by being asked to present their point of view or give recommendations. The company has a training that is carried out every week on a Tuesday by various HODs. Moreover, interns are also involved in cross-functional and departmental meetings and working. In addition, in most cases, they uphold a chain of command as they contact the top management. As an example, the intern will report to his/her respective department when communicating anything to his/her assigned mentor. The mentor will communicate it to the head of the department, and chronologically, the department head will communicate it to the higher authority. Nevertheless, the junior workers (e.g., interns) can also discuss with the higher authority, but the company tries to balance the formal hierarchy and respond with an issue or an idea to the higher authority. In addition, the employees also engage in verbal and written (e.g., email) discussions to guarantee effective communication. Since the company is in its startup, the work of each department is monitored with the highest accuracy by the company CEO himself.

In my opinion, the participative style of leadership motivates the employees to be efficient at their work, and the employees are motivated and pleased; this is why the office proves to be a secure and comfortable working place. There is no hesitation to share the ideas among employees, and this is conducive to gathering ideas based on different perspectives. I suppose that one of the factors that made Shanta a well-known and successful brand is its approach to leadership. The frequent departmental meetings and cross-functional meetings make SLL run efficiently and easily.

2.3.3 Human Resource (HR) Planning Process of Shanta Lifestyle Limited

2.3.3 (a) Recruitment & Selection Process:

SLL follows a very rigorous and well-organized recruitment process. As the company operates in a very niche and sensitive market catering to only a handful of people, the employees are handpicked by the CEO himself, after the candidates go through multiple interviews. They organize interviews for the candidates, conducted by the head of the HR department and the head of the respective department, to which the candidate is being recruited. After multiple interviews, the selected candidate finally sits for a final interview conducted by the head of the HR department, the head of the respective department, and the CEO himself. Later, if one is selected, they receive an official phone call and confirmation email from HR.

2.3.3 (b) Compensation System:

SLL's compensation includes festival bonuses, basic salary, performance bonus based on the individual employee's KPI, free health care services based on company policies, provident fund, and gratuity. Moreover, the employees receive compensation based on their job grade. The contractual employees get a salary and other compensations based on the contract. Apart from that, in a year, an employee can get 14 paid sick leaves, 10 paid casual leaves, and 16 earned leaves. Furthermore, SLL provides paid maternity leave for 6 months. Every single employee has their own KPI and an SOP to follow for every quarter. Quarterly, the KPI's are evaluated, and at the end of the year, appraisals take place.

2.3.3 (c) Training & Development Initiatives:

SLL has a separate training and development target for every employee of the respective department, organized by the HR department. Both physical and online training are organized by the company for all its employees. Every quarter, a target is given for every employee to be fulfilled based on their respective department, and at the end of every quarter, employees must sit for an evaluation exam. These exams are based on the materials taught during the training. Starting from the head of departments to all the employees of the company must sit for the evaluation exam, and the employees who cannot get the required results must sit for extra training sessions organized by the company. Even outside trainers are hired by the company to train the employees. The partner brands of SLL organize personalized brand training for the employees as well.

2.3.3 (d) Performance Appraisal System

The performance of employees at Shanta Lifestyle Limited is measured using a structured system that is founded on an individual Job Description (JD) and a well-developed Key Performance Indicators (KPI). Every worker has a certain JD that delineates his or her duties and responsibilities, and the KPI is described directly according to the duties. The KPI system is set up in a percentage-weighted format, which makes sure that various tasks and goals will be measured on the basis of their priority. The employees are reviewed after one year based on their KPI performance and graded accordingly.

The company uses a four-grade performance scale. Again, employees with 100 percent of their KPI targets are given Grade A, employees with 81 to 99 percent are classified under Grade B, those between 70 and 80 percent are classified under Grade C, and employees with less than 70 percent are awarded Grade F. Annual rates of salary appraisals are directly correlated with each grade. The employees with Grade A are granted a 4% appraisal, Grade B employees are granted 3% appraisal, Grade C employees are granted 1% appraisal, and Grade F employees are not advised to receive any appraisal.

Besides performance-based increments, all appraisals are modified in accordance with the annual inflation rate, which is added to the basic salary of every employee. This system can contribute to equity, transparency, and motivation, and motivate employees to always achieve their performance goals.

2.4 Marketing Practices

2.4.1 Marketing Strategies

Shanta Lifestyle plays in the premium luxury interior space, so the strategy is built around one core idea: "**sell aspiration, not just furniture**." Here is how that plays out:

- **Experience-first approach:** The experience center of SLL, located at Shanta Forum at Tejgoan, functions like curated homes; customers do not browse, they feel how a space could transform their lifestyle.

- **Brand storytelling:** Every product is tied to craftsmanship, Italian heritage, and design philosophy. They not only sell a product, but they also sell its history and elegant craftsmanship.
- **Relationship-driven sales:** High-net-worth clients are nurtured through events, personal walk-throughs, gifts, collaborations with banks, architects, and repeat engagements.
- **Digital presence as influence, not sales:** Social media builds desire and brand affinity, while offline touchpoints close the sale.

2.4.2 Target Customers, Targeting & Positioning Strategy

Target Customers

- Dhaka families of high income (Gulshan, Banani, Baridhara, Bashundhara).
- Corporate clients who provide office, lounges, and hospitality facilities.
- The interior designers and architects.
- Repeat buyers renovating their houses or doing construction work.

Targeting Strategy

- Niche marketing to a group of people with a focus on design, comfort, and long-term hold products.
- Great focus on architect/designer networks that have purchasing power.

Positioning

Shanta Lifestyle aims to establish itself as the leading luxury interior destination in Bangladesh that is characterized by craftsmanship, international brands, and personalized services.

2.4.3 Marketing Channels (Products & Services)

For Products

- Experience Centre (base conversion channel)
- Social media: Instagram, Facebook, LinkedIn.
- Website: to discover, browse the categories, and make an appointment.
- PR & events: product and seasonal displays.
- Architect partnerships
- Bank partnerships: SCB, HSBC, for priority clients.
- Newspaper advertisements and lifestyle magazines (selective: The majority are Daily Star, Prothom Alo, and ICE Today)

For Services

- Consultations in interior design.
- Project walkthroughs
- Client events
- WhatsApp mailing and email newsletters.

2.4.4 Product / New Product Development & Competitive Practices

Shanta Lifestyle does not produce but sells global brands to Bangladesh. So, new products imply new brand products, new collections, new showrooms, or new interior services in the form of:

- The presentation of Armani/Casa, Molteni&C, Galbiati, Kohler, etc.
- Rotating collections based on the global trend.
- Competitive practice: they do not present a 360-degree interior offering, covering tiles all the way to furniture, to kitchen, to accessories that most of the competitors do not offer at such a size and under one roof.

2.4.5 Branding Activities

- Experience Centre storytelling: in every zone, there is a mood, lifestyle, or design philosophy told.
- High-quality visual image: neutral colors, sophisticated fonts, sophisticated pictures.
- Activities: VIP previews, party events, a new brand.
- Gifts: to increase brand perception.
- Regular content pillars: craftsmanship, material, lifestyle, design trends.

All this makes the notion that Shanta Lifestyle is no longer a store; it is a carefully planned lifestyle experience.

2.4.6 Advertising & Promotion Strategies

What drives the advertising strategy?

- Create emotional desire.
- Focus on craftsmanship, stories behind design, and aspirational living.
- Only, when necessary, push seasonal (SCB partnerships, Eid promotions, clearance).

Digital Marketing;

- Instagram: core channel; the focus is on high-quality visuals, short reels, designer quotes, and product Spotlights.
- Facebook: greater coverage on announcements, offers, and interaction.
- LinkedIn: design-led stories, brand milestones, thought leadership.
- Paid advertising: This is applied infrequently, typically during campaign reminders, festive promotions, and sales.
- EDMs: to develop high-value clients.
- WhatsApp: to have a more immediate, direct communication and individual follow-up.

Offline Advertising;

- Newspaper jackets, inserts, magazines.
- Huge prints in case of launches.
- Banks. Co-branded promotion.

2.4.7 Critical Marketing Issues & Gaps

Now, conversion of final sales is still largely dependent on real showroom visits; digital platforms are excellent at arousing interest, but they hardly ever close the deal on their own. Meanwhile, the Bangladeshi market is just beginning to learn and appreciate luxury design, and this fact predetermines the necessity of constant customer education. The feedback mechanisms should also be tightened since clients also tend to give glowing ratings on the surveys, but later raise real issues in separate discussions. Added to the latter, there is still little awareness of craftsmanship across the region, so more narratives about materials, craftsmanship, and brand history are needed to create more emotional value. As several brand names in high-end furniture start entering the market, the competition is intensifying at a rapid pace, and constant differentiation is not a wish but a survival tactic. Lastly, retention programs should be made more advanced- long-term loyalty can be achieved by providing better after-sales service, special preview, and customer engagement at a more individual level.

2.5 Financial Performance and Accounting Practices

2.5.1 Finance Performance

Since Shanta Lifestyle Limited is the Strategic Business Concern of Shanta Holdings Limited, which is a privately-owned organization, hence financial information are highly confidential, and third parties are not allowed access to them because of the policies of confidentiality. Same policies are applicable for interns as well. This meant that it was not feasible to have a complete financial performance analysis through published reports. Nonetheless, relying on observations made during the internship, interviews with staff members, and secondary sources, one can come to some conclusions about the financial state of the company and its success in the market.

Shanta Holdings Limited is a well-established and financially sound company in Bangladesh, and it has successful operations in several sectors. Shanta Lifestyle Limited, on the other hand, is in the luxury furniture line that is a growing and developing niche in the country. This segment involves a high amount of initial investment, long term customer conversion cycle, and a target market that is relatively small when compared to the mass-market industries. Because of such factors, several businesses in the luxury furniture sector, including Shanta Lifestyle Limited and its rivals, are in monetary distress.

The majority of these companies are less than ten years old in this niche market, and consequently, some of them are making a loss or breaking even. The current loss that Shanta Lifestyle Limited is incurring is more along the industry lines and not an inefficiency of the company. Although this pressure is short-term, financial in nature, the company still pursues a long-term strategic plan that emphasizes brand positioning, high quality, and market expansion.

In addition to this, the future of the luxury furniture market is directly correlated with the stability of the economy and the political sphere in general. Luxury lifestyle products would be in demand as there is a rise in demand for the product due to improvement in political stability and confidence among consumers. According to the strategic planning and market positioning of the company, Shanta Lifestyle Limited will most probably evolve and achieve better financial results when the markets regain their positive conditions.

2.5.2 Accounting Practices

The Shanta Lifestyle Limited is a privately owned company, and thus, there were no specific financial statements and annual reports of the past three to five years that were available at the time of the internship because of confidentiality issues. Nevertheless, with firsthand experience on the accounting practices and interviews with the finance and accounts department, a general picture of the accounting practices in the company was gained.

The company adopts the accrual basis of accounting whereby the revenues received are recognized upon earning and expenses are charged upon incurring, despite the cash receipts or cash payments. This is a generally acceptable accounting principle and is widely used by corporate organizations in Bangladesh. The accrual basis will enable the firm to determine its own financial performance better by aligning the revenues with the corresponding expenses in the same accounting period.

In comparison to the accounting cycle, Shanta Lifestyle Limited seems to be the one that follows the typical steps of the accounting process. The identification and the recording of the business transactions occur in journal entries that are subsequently posted to the ledger accounts. Trial balances are drawn, and any adjustments required are made at the close of the accounting period. Even though no review was carried out on the final financial statements, the fact that the said procedures were regularly used shows that the entire accounting cycle is upheld.

In terms of depreciation, the company uses the reducing balance technique when depreciating its fixed assets. In this approach, a greater depreciation is expensed during the earlier years of the useful life of an asset. This method is suitable for assets that are more utilized or whose efficiency is lost within the first few years of their use, and this method is well accepted in accounting practice in Bangladesh.

Regarding accounting principles and disclosures, although full disclosure notes were not observed as there is no access, the company keeps internal financial documents and observes the relevant regulatory and taxation provisions. Based on the practices observed, some of the fundamental accounting principles, like consistency, prudence, and matching, are applied in normal financial transactions.

Overall, considering the poor availability of published financial information, the accounting of Shanta Lifestyle Limited can be characterized by adherence to the basic accounting principles and professional norms, which are traditionally observed by Bangladesh-based private businesses.

2.6 Operations Management and Information System Practices

SLL utilizes a centralized ERP software, called Odoo, as its information system for collecting, storing, and processing data to share with stakeholders and clients. Odoo, through its multiple modules, helps to manage and track manpower efficiency and product tracking. We have Ms. Zarin Taj as the Enterprise Resource Planning Specialist, who monitors and maintains the Odoo software to ensure optimal output. It helps SLL to organize and practice quality management, scheduling, resource allocation, and operations management.

2.7 Industry and Competitive Analysis

2.7.1 Porter's Five Forces Analysis

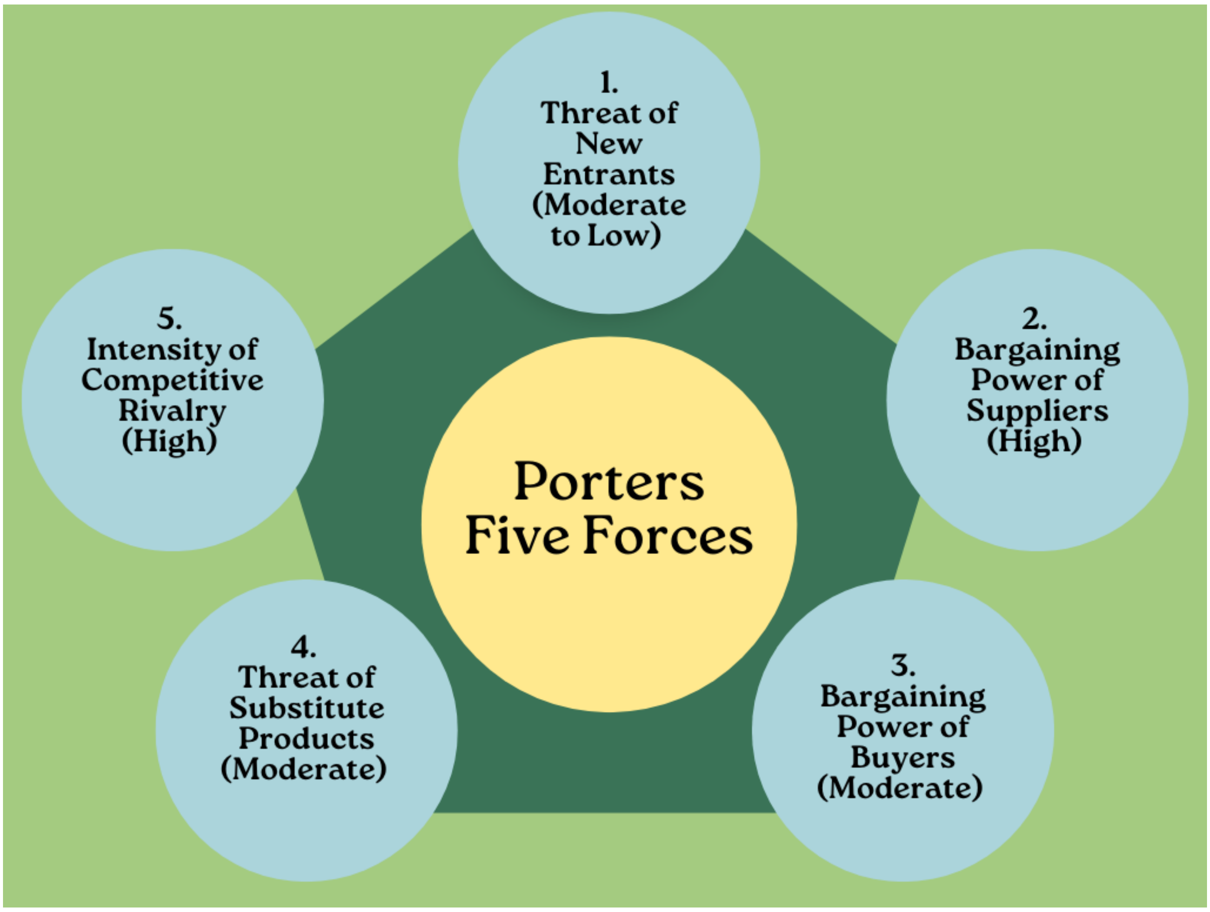

Figure 2: Porters Five Forces Diagram;

Shanta Lifestyle Limited, a subsidiary of Shanta Holdings, is a company based in Bangladesh in the luxury furniture and interior decor sector, dealing with imported luxurious brands to clients, architects, and real estate developments. The market is expanding, based on increasing disposable incomes, urbanization, and the need to have premium and sustainable designs, with the overall furniture industry estimated to be about Tk 30,000 crore with annual growth of 10-20%. It uses the Five Forces model of Porter to evaluate the extent of rivalry with the key competitors, Penthouse Livings (Meghna Group) and Renaissance Decor Ltd.

1. Threat of New Entrants: Moderate to Low

The luxury furniture market in Bangladesh is comparatively high, and other new entrants are discouraged by the entry barriers. High investments are needed in upscale showrooms in high-end locations, importing high-quality inventory, and exclusive distribution of world brands (e.g., Italian and Scandinavian suppliers). The existing players have conglomerate support-Shanta through the real estate synergies of Shanta Holdings, Penthouse through the resources of Meghna Group, and Renaissance through the long-term supplier relationship since 2014. There are additional barriers in the form of import requirements, customs in the way of duties, and brand loyalty in a niche market. Although the market has been growing, its concentration prevents new players, which suits the global trends in luxury, where there are minimal threats.

2. Bargaining Power of Suppliers: High

The suppliers are quite powerful because the sector depends extensively on imports of high-quality luxury goods that have originated in Europe (e.g., Italy in the case of Molteni&C at Shanta, Poliform at Penthouse, Luxury Living Group at Renaissance). The international manufacturers dominate the exclusivity, pricing, and supply chain, which are worsened by the volatility of raw materials, tariffs, and global upheavals, which raise the costs. It is not very localized in the production of the actual luxury, and thus, companies are susceptible to the demands of their suppliers. This great force is a reflection of the fact that the wider furniture industry of Bangladesh has been facing problems due to dependency on imports, which is interrupting its competitiveness.

3. Bargaining Power of Buyers: Moderate

Buyers are mostly wealthy city residents, interior designers, and commercial developers whose power is moderate. The only alternative is to specialty stores such as Shanta Lifestyle, Penthouse Livings, and Renaissance Decor, which makes it difficult to switch to the authentic branded luxury. Showroom experiences, personalization, and after-sales service are value additions that bring about loyalty. Nevertheless, discretionary expenditure enables consumers to bargain or postpone buying in times of economic downturn, and new e-commerce may enable direct imports. In general, in concentrated supply, buyer power is less pronounced than in mass-market ones.

4. Threat of Substitute Products: Moderate

The substitutes have mid-tier domestic furniture, non-branded imports, or custom-made furniture offered by domestic manufacturers that are cheaper yet lacking prestige and quality. Increasing online platforms and direct sourcing are also threatening; however, luxury customers put more emphasis on branded authenticity, durability, and exclusivity in the design, which makes true substitutes less attractive. Sustainability trends are skewed towards environmentally friendly products, and Shanta will have an edge over its competitors. The threat is moderate since economic pressures may change the demand downwards.

5. Rivalry Among Existing Competitors: High

The few dominant players (Shanta Lifestyle, Penthouse Livings (more than 50 global brands), and Renaissance Decor Ltd (with an ultra-premium portfolio focus) compete strongly. All of them target the high-end market in Dhaka, with overlapping showrooms that compete on exclusive deals, promotions, and package services (e.g., the real estate integration of Shanta). Competition is encouraged by differentiation through brand differentiation and design skills, which is enhanced by the potential of market expansion. This intensity is in keeping with the international upscale trends.

In general, the Bangladesh luxury furniture industry is relatively appealing to Shanta Lifestyle, with suppliers' power and competition as the main issues, balanced by the barriers to entry and the lack of substitutes. It can be strategically focused on exclusive partnerships and synergies that may reinforce its position.

2.7.2 SWOT Analysis

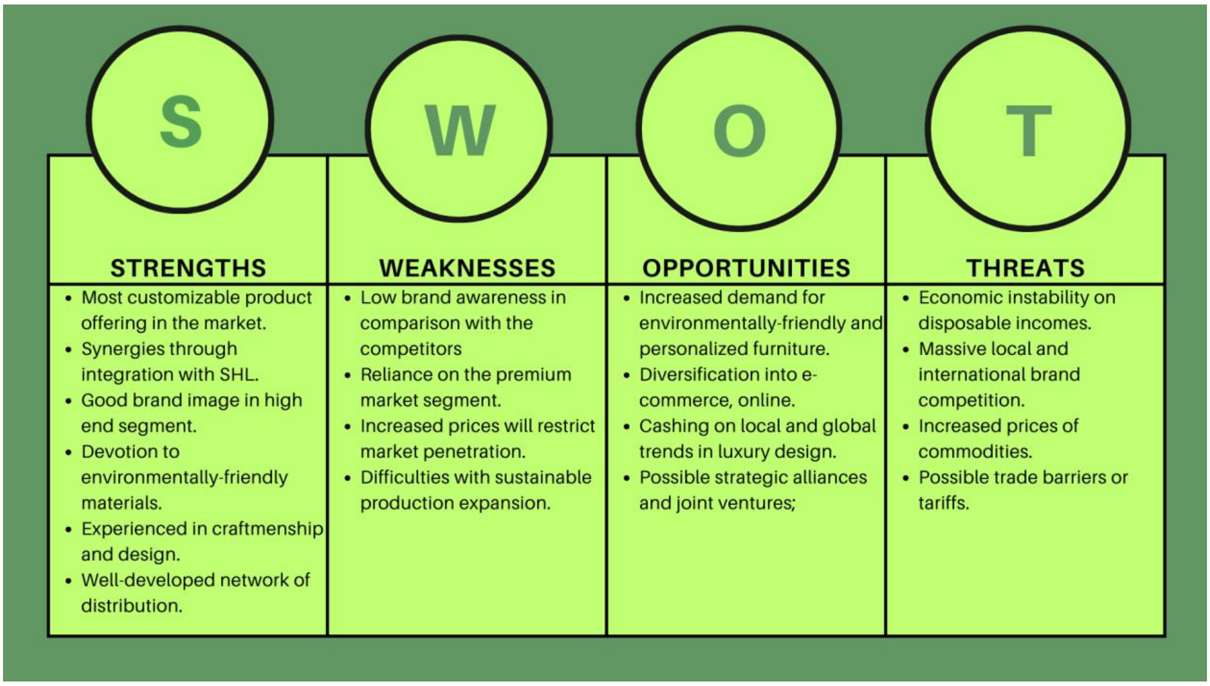

Figure 3: SWOT Diagram;

Shanta Lifestyle Limited is a subsidiary of Shanta Holdings that operates within the Bangladesh luxury furniture industry, which is already expanding and is likely to continue growing through 2031 with increasing disposable income and urbanization. The luxury furniture market, estimated to be worth USD 26.73 billion all over the world in 2025, focuses on high-quality, imported designs when targeting the upscale urban population, and in Bangladesh, the market is motivated by residential real estate growth and consumer aesthetic preference for multifunctional furniture. The given analysis will examine the internal strengths and weaknesses as well as the external opportunities and threats of Shanta Lifestyle in terms of direct competitors, Penthouse Livings (part of Meghna Group), which is also a long-established importer of high-end international brands, and Renaissance Decor Ltd.

Strengths

Shanta Lifestyle enjoys the integration of the diversified ecosystem of Shanta Holdings that allows it to synergize with the real estate projects of the parent company, like bespoke interiors in projects like the Shanta Skymark in Gulshan. This vertical integration gives the company a competitive advantage over independent retailers such as Penthouse Livings and Renaissance Decor Ltd., which enables Shanta to sell furniture and offer property to clients and save on the cost of client acquisitions. Its multi-brand showroom in the upscale locations of Gulshan and Banani in Dhaka is an exclusive collection of globally sourced products, such as Italian tiles and Scandinavian furniture, focusing on sustainability by using eco-friendly products that reduce carbon footprints by up to 20%. In contrast to the traditions of Renaissance Decor, prioritizing such brands as Versace Home and Etro Home, family-oriented innovation within Shanta, led by the Founding Director Mayesha Khondoker, encourages individual design services among architects and homeowners, increasing the loyalty of customers in the market where 30% of high-end sales are driven by personalization. Moreover, Shanta has unlimited access to the 200+ professional staff at Shanta Holdings to facilitate effective operations, which makes it a holistic lifestyle provider with Bangladesh having a luxury retail growth of 12 percent yearly.

Weaknesses

Shanta Lifestyle is a new player as of 2022, which is why it cannot compete with Renaissance Decor Ltd., as it has been operating since 2014, and Penthouse Livings, as it is a mature importer with established relationships with Italian and U.S. brands such as those under the Luxury Living Group. This youngness prevents penetration out of Dhaka into the market, with flagship showrooms being set up only in high-end locations, which may limit penetration into newer markets such as Chattogram, where competitors are much more visible. The heavy reliance on imports renders Shanta vulnerable to supply chain risks such as global shocks that have increased its costs by 15-20 percent in 2024, a similar situation occurring throughout the industry. Additionally, the high pricing (at 25 percent over the middle-end offerings) can dishearten price-sensitive upper-class customers when the economy is fluctuating, a weakness that Penthouse would also share, but only one enhanced by the fact that Shanta has little to no experience with e-commerce, with just 18 percent of its market share growing in this direction.

Opportunities

The Bangladesh luxury furniture business has a strong growth potential, and urbanization is expected to increase demand by 20 percent in Dhaka by 2030, which is in line with the real estate synergies of integrated project furnishings by Shanta. Shanta will be able to take advantage of e-commerce and pop-up shops in the secondary cities with the growing middle classes whose disposable income has been increasing by 8% in 2025, compared to the physical-only models of competitors. International suppliers beyond Versace exclusivity of Renaissance, which have not been tapped yet, can diversify offerings, and sustainability trends, eco-luxury, offer niches of low-carbon efforts to be adopted by Shanta, which may attract 15% more eco-conscious customers. Strategic partnerships (joint ventures) with local architects, in the same manner as with Shanta Holdings, may be used to enter commercial segments such as hospitality, which are 25% of the luxury demand, with hotel development.

Threats

Growing competition in the upscale market in Dhaka by Penthouse Livings with its edited Italian-U.S. imports and free design advice, and the Renaissance Decor Ltd. with its high-selling brand names are a threat to Shanta's market share in the crowded high-end segment. The economic instability, such as inflation at 6.5% in 2025, is a risk to the luxury expenditure because discretionary purchases are reduced by 10-15 percent during periods of decline, which increases the risks of unstructured low-end substitutes. Global events that increase the cost of doing business through import tariffs and supply chain bottlenecks may negatively affect the margins and the price set by competitors who have longer supplier relationships. Sustainability compliance regulatory barriers also pose an even further challenge to Shanta's going green, with the industry driving towards green standards.

Overall, the conglomerate support and creative selection of the product make Shanta Lifestyle poised to expand, yet the challenges of establishment and external pressure will be essential in outsmarting Penthouse and Renaissance in this USD 500 million niche.

2.8 Summary and Conclusions

Shanta Lifestyle Limited (SLL) is a subsidiary of Shanta Holdings Limited, which is a company that serves in the niche market of the expanding luxury furniture and interior decor sector in Bangladesh, which is targeted at the niche segments of the high-income population, business clients, architects, and interior designers. SLL has been swift to establish itself as a high-quality lifestyle destination, making use of the reputable brand, economic capability, and real estate amalgamation of its parent company since its inception in 2022. The leadership style of the organization is participative, whereby open communication, involvement of employees, and cross-functional working are the norm, backed by effective HR practices, compensation based on performance, and ongoing training programs that are ongoing. Its marketing strategy emphasizes experience-based showrooms, relationship-based selling, and good brand storytelling as opposed to mass-market promotion. It becomes efficient in operations by using a centralized ERP system (Odoo) that enables managing the resources and coordinating them. Nevertheless, SLL has issues in heavy reliance on the physical showroom visit to make final sales, a lack of awareness of the luxury craftsmanship among the local customers, importation of products, and increasing competition from other high-end furniture brands. In general, SLL has a promising growth perspective because of its high-quality positioning, integrated business model, emphasis on quality, and sustainability, as long as it continues to enhance customer education, digitalization, and long-term relationships and build strategies.

2.9 Recommendations/Implications

- Enhance online sales support: Implement digital consultations, online catalogs, and digital-based tools in which appointments are made to make the transition between online interest and real purchase easier.
- Enhance customer feedback mechanisms: Seek comprehensive post-delivery and installation feedback to detect any hidden problems and address them at an early stage.
- Train customers on luxury design: Communicate simple and compelling stories about labor technology, sustainability, and brand history to make the customers more knowledgeable about product value.
- Improve customer loyalty initiatives: Provide superior after-sales services, special product previews, and individual follow-ups to create long-term customer loyalty.
- Outperform the competition: Constantly emphasize the distinctive advantages of SLL, including its association with Shanta real estate developments, the selection of global brands, and interior solutions.
- Establishing a Chinese Furniture Experience Center: Introducing an experience center catering to turnkey clients offering Chinese products, as a significant portion of revenue is generated through turnkey projects.

Chapter 3: Project Part

"The Impact of Government Instability on Fiscal Policy, Pricing, and Sales Performance in the Luxury Furniture Industry: Evidence from Shanta Lifestyle Limited (SLL)."

3.1 Introduction

3.1.1 Background & Problem Statement

Stability of government is essential in determining the economic environment of a country, especially in its correlation to fiscal policy making and execution. In the case of developing economies such as Bangladesh, instability in politics or the government usually leads to frequent changes in budgetary actions such as import duties, value-added tax (VAT), advance income tax (AIT), and additional duties. The direct impact of such changes on the import-dependent industries is the change in the cost structures, pricing strategies, and eventually the sales performance (World Bank, 2023).

Bangladesh's luxury furniture Industry is highly dependent on imported raw materials and finished products, which are mainly sourced in Europe and other premium production centers. As there is no major manufacturing base of domestic luxury furniture, the companies working in the field are at a significant risk of fluctuations in customs duty, exchange rates, and taxation policies. The example of Shanta Lifestyle Limited (SLL), a reputable Bangladesh-based retailer in the luxury furniture industry and a part of the Shanta Group, depicts this dependency in the form of multi-brand imported products.

Depending on the fiscal policy decisions made, government instability has also been a factor in the past years that causes abrupt changes in importation duties, VAT rates, and even regulatory requirements. The International Monetary Fund (IMF, 2022) suggests that fiscal unpredictability raises the operational risk of business, deters long-term consistency in prices, and causes consumer mistrust. In the case of luxury products, where the demand is not need-driven but rather discretionary, the price elasticity is especially high during the time of economic or political uncertainty (Kapferer and Bastien, 2012).

In the case of Shanta Lifestyle Limited, the landed costs have been on the increase due to varying import taxes, which have compelled the management to make several adjustments to the retail prices within a short time. Although this is required to remain profitable, the sales volume, timing of customer purchase, and general footfall in the showrooms have been impacted. High-value purchases are likely to be delayed by luxury customers in challenging economic times, and instead of predictable revenue lines, they will be subject to cyclical sales (Deloitte, 2021).

Although there is an evident connection between the unstable government, changes in fiscal policy, pricing choices, and sales performance, there is a shortage of scholarly studies that have concentrated on this association in the luxury retail market of Bangladesh. Most of the existing research focuses on macroeconomic indicators and does not analyze the consequences of operations on firms. This is the gap that shows the necessity of a narrower case study, which investigates the impact of instability in government on fiscal policy and the way this impact is reflected on the sales performance and prices of an organization.

Problem Statement:

The high rate of fiscal policy fluctuations caused by instability within the government has led to high importation costs and poor pricing stability within the luxury furniture sector in

Bangladesh, which has had a negative impact on sales performances at Shanta Lifestyle Limited.

3.1.2 Objective(s)

The aims of this internship report are designed in such a way that they explore the problem on a macro-to-micro level. The objectives are as follows:

- To study how government instability influences the changes in fiscal policy in both import duties, VAT, and taxation in Bangladesh.
- To assess the impact of modifications in the fiscal policy on the cost structure of the importation of luxury furniture in Shanta Lifestyle Limited.
- To test the role of pricing manipulations in sales performance as a reaction to fiscal policy uncertainty.
- To determine how Shanta Lifestyle Limited is challenged by the changes in the prices in its operations and finances.
- To propose strategic actions that would help to reduce the effects of fiscal turbulence on the pricing and sales outcomes.

3.1.3 Significance

There are several stakeholders who are interested in this research. On the managerial level, it offers information on the ways in which macro-levels of political and fiscal instability are converted to firm-level operational issues. This kind of relationship can help the decisionmakers at Shanta Lifestyle Limited to be proactive when it comes to pricing strategies and risk management practices.

Academically, the study is an addition to the scarce literature on the interaction of government instability, fiscal policy, and performance of luxury retail in emerging economies. It also builds on the previous studies by providing a company-specific case study as opposed to using only aggregated macro data.

Also, the findings can be useful to policymakers and regulatory bodies since the research findings indicate the unintended effects of repeated fiscal policy changes on the high-value and import-reliant industries. Predictable and stable fiscal policies are the key to investor confidence and stable business development (OECD, 2020).

3.1.4 Scope of the Study

The study will be limited to Shanta Lifestyle Limited and its luxury furniture business in Bangladesh. The fiscal policy instruments targeted in the analysis include import duty, VAT, supplementary duties, and other relevant taxes on imported furniture products. The analysis includes a time span of recent fiscal years that were volatile in terms of policies. There is no comparative analysis with domestic furniture producers or other luxury retail stores, including fashion or cars. Moreover, the political analysis is confined to the economic and fiscal consequences but not to normative and partisan interpretations.

3.2 Literature Review

This chapter is a review of the other academic and professional literature on the topic of government instability, fiscal policy uncertainty, pricing strategies, and sales performance, but with a specific focus on import-dependent and luxury goods industries. The objective of the review will be to provide a theoretical and empirical basis for the study, along with gaps in the existing literature that will justify the current case study on Shanta Lifestyle Limited (SLL).

The level of instability in government is usually linked to the high rates of political change of leadership, policy orientation, and the focus of administration. Alesina et al. (1996) argue that political instability is a major cause of uncertainty in the economy as it interferes with stable policymaking. This instability in developing economies is usually supported by such irregular fiscal policies as sudden shifts in taxation, import taxes, and regulations.

The International Monetary Fund (IMF, 2022) puts forward the argument that the fiscal uncertainty undermines the confidence of the private-sector and makes business planning in the long run complicated. Companies that do business in politically unstable countries are challenged to predict expenses, prices, and constant revenue streams. Findings of the World Bank (2023) also confirm it, stating that the increase in operational risk in industries that rely on imports in emerging markets is caused by unpredictable fiscal measures.

In Bangladesh, the fiscal policy tools like customs duties, VAT, supplementary duties, and advance income tax are commonly updated with annual budgets and statutory regulatory orders. Although these instruments are critical in revenue generation, frequent alterations that are frequent, and are not accompanied by long-term policy signals create uncertainty for firms that have to depend on imported inputs (Rahman and Yusuf, 2021).

The fiscal policy becomes volatile, especially for import-dependent industries. Duty on customs and consumption has direct impacts on the landed cost of imported goods, and consequently, pricing decisions are very sensitive to policy changes. Krugman, Obstfeld, and Melitz (2018) argue that taxation of higher levels of imported goods increases domestic prices and decreases consumer demand, particularly of non-essential goods.

Some studies have established that when importation duties are suddenly increased, companies may choose to either shoulder the increased costs, which may make their profit margins lower, or they can transfer the costs to the consumers by raising prices (OECD, 2020). Firms that depend on the brand positioning in the luxury goods market, wherein the market offers limited room to discount products, tend to be less flexible in response to cost shocks (Kapferer and Bastien, 2012).

According to Deloitte (2021), the joint impact of fiscal volatility and currency fluctuation is troublesome insofar as luxury retailers in emerging markets are concerned. These forces interfere with supply chains and erode the stability of prices, causing volatility of sales and inventory inefficiencies.

Luxury goods market pricing is very different from the pricing in the mass market. Luxury pricing has a strong association with the brand equity, exclusivity, and perceived value instead of just cost-plus mechanisms (Kapferer and Bastien, 2012). Nevertheless, external cost forces like taxation and import duties continue to affect ultimate retail prices.

According to Kotler and Keller (2016), frequent adjustments to the price may erode customer trust and dilute brand position, especially in high-end segments. Luxury consumers desire consistency and openness of the price, and unexpected hikes will lead to buying delays and not instant replacements.

A study by Okonkwo (2016) indicates that the sensitivity of economic uncertainty among luxury consumers tends to be stronger than the level of price. Consumers tend to postpone discretionary purchases during times of political or fiscal instability, and the result is lower sales volumes despite the latent demand.

3.2.5 Relationship Between Pricing and Sales Performance

The correlation between prices and sales performance has attracted much research in marketing and economics books. Price elasticity of demand is the measure of the sensitivity of consumers to price changes. Although luxury goods are assumed to be price-inelastic, recent research shows that it becomes more price-elastic in times of economic uncertainty (Deloitte, 2021).

Monroe (2003) also states that perceived price fairness is critical in purchase decisions. Regular or irregular price increments can cause consumers to believe that prices are not fair, which will hurt the sales performance. This phenomenon is especially applicable to the case of luxury retail, in which buyers tend to purchase at high value and in low frequency.

Empirical results on emerging markets indicate that the volatility of sales is higher when the firm responds to external shocks by changing prices regularly (IMF, 2022). This volatility makes revenue forecasting and cash flow management difficult, particularly for businesses whose inventory holding costs are high.

3.2.6 Government Instability and Consumer Behavior

A number of behavioral economics studies have studied consumer behavior in times of instability in the government. Baker, Bloom, and Davis (2016) also come up with the notion of economic policy uncertainty, showing that the increased uncertainty causes consumers to postpone big spending.

Purchasing luxury furniture is not impulse buying. In the face of volatile political or economic times, consumers shift towards a wait-and-see strategy that diminishes the quantity of sales in the short term and augments the inquiry and information-finding activity (Deloitte, 2021). This is consistent with the research conducted in the developing economies, which revealed that political uncertainty holds down discretionary consumption (World Bank, 2023).

3.2.7 Research Gap and Relevance of the Current Study

Despite the wide research conducted on the issue of government instability, fiscal policy, and the price of luxury goods, little study has been conducted on the effect of such factors at the firm level in the luxury furniture industry of Bangladesh. The majority of the research can be characterized by the macroeconomic approach that overlooks the influence that fiscal volatility has on pricing decisions and sales performance at the organizational level.

Moreover, most of the available studies seldom combine government instability, alteration of fiscal policies, pricing approach, and sales results into one analytical paradigm. This paper will fill this gap by giving a targeted case study of Shanta Lifestyle Limited, giving empirical evidence on how macro-level instability comes to be micro-level business setbacks.

3.3 Methodology

This research chose a descriptive and analytic research design in the form of a case study to investigate how government instabilities have influenced the fiscal policy, pricing, and sales performance in Shanta Lifestyle Limited (SLL). The case study approach was chosen so that the detailed exploration of the strategies of firms in response to macroeconomic and political instability could be conducted, which is especially applicable to the case of an import-dependent luxury furniture company. The use of both qualitative and quantitative data was done to have a comprehensive analysis. Primary data were gathered by means of semi-structured interviews with the important employees of the finance, sales, and procurement departments of SLL, and the company records (sales reports, pricing schedules, and inventory information) of the past three fiscal years. The secondary data were gained through credible sources such as the fiscal policy reports of the National Board of Revenue (NBR), statutory regulatory orders (SROs), national budget reports, and the publications of the International Monetary Fund, World Bank, Deloitte, and the concerned academic journals. Data collection was conducted in a structured way that included planning, data collection, verification, and ethical requirements with respect to the qualification of confidentiality and informed consent during the research. Trend analysis, comparative analysis, calculation of percentage change, and graphical representation were the methods used in a quantitative analysis to evaluate the change in the import costs, pricing decision, and sales performance prior to fiscal policy adjustments and after the adjustment. Thematic and content analysis were used to perform qualitative analysis to reflect the management perceptions and strategic responses to the stability of the government. The study admits the limitations to the availability of data, time, and other external macroeconomic factors like changes in exchange rates, and the limitation of generalizability of the results of a single case study. Despite these constraints, the methodology offered a credible and orderly framework towards resolving the correlation between the instability of the government, change in fiscal policies, pricing strategies and the sales performance at Shanta Lifestyle Limited.

3.4 Findings & Analysis

3.4.1 Overview of the Analysis

This chapter is an examination of the findings of the analysis of the case of Shanta Lifestyle Limited (SLL) with the aim of comprehending the impact that the instability of the government has on the fiscal policy, the price dynamics, and the result in the sales performance in the luxury furniture industry. Because of the nature of the business model of SLL, which is import-driven, the fluctuations in the government stability and fiscal policy directly and immediately affect operational costs and strategic decision-making. The analysis will be a mix of quantitative financial information, qualitative information on the part of the manager, and external macroeconomic information in order to develop an overall picture of the problem. This chapter is analytically robust because it combines the firm-level data with the national and international reports to minimize the possibility of one-source bias.

3.4.2 Impact of Government Instability on Fiscal Policy

The results show that the increased fiscal policy uncertainty is closely linked with the instability of the government in Bangladesh. The government often takes the short-term revenuegenerating option during such times, such as modifications to import duties, advance income tax (AIT), and additional duties, especially on those items that are non-essential or luxurious. Consequently, cost planning and pricing decisions become more unpredictable for businesses such as SLL. The data provided by the National Board of Revenue (NBR) and national budget announcements suggest that the tax structure related to imports proved to be more unpredictable at politically unstable times, with the direct tax burden and the indirect compliance costs also growing (Rahman and Yusuf, 2021; World Bank, 2023).

Table 1: Import Cost Components Comparison Before & During Government Instability, and the Overall Impact on Landed Cost

Cost Component	**Stable Period (%)**	**Unstable Period (%)**	**Percentage Change**
Import Duty	25%	32%	+7%
VAT	15%	15%	0%
Advance Income Tax (AIT)	5%	7%	+2%
Clearing & Compliance Costs	10%	14%	+4%
Total Landed Cost Increase			+13%

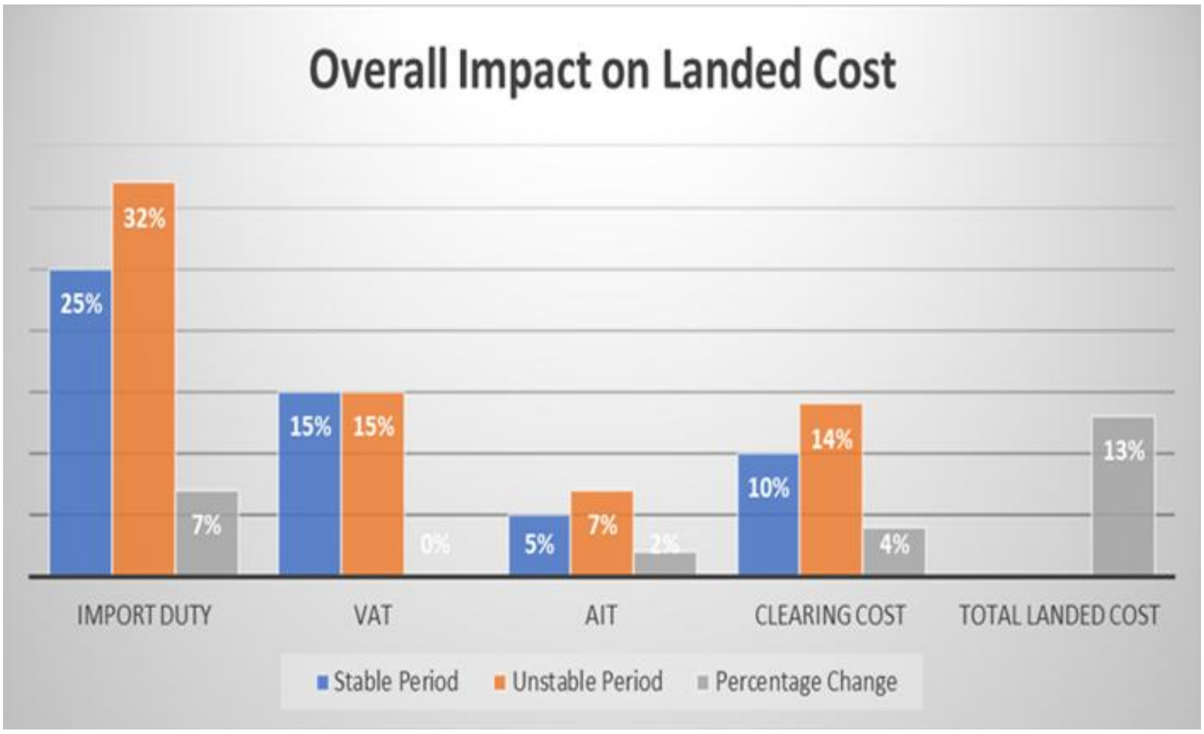

Figure 4: Graphic representation of the overall impact of landed cost;

The table shows that the total cost of land has been continuing to rise sharply during times of instability. The net impact of the increase in importation duties, the AIT, and the increment in the clearing and compliance costs meant that the overall cost increase was about 13 percent, though VAT rates did not significantly change. This growth put pressure on the pricing mechanism of SLL and minimized the potential of internalizing costs. The results are aligned with those of OECD (2020) and IMF (2022), who underline the fact that fiscal uncertainty in the emerging economies has a disproportionate impact on the industries that rely on imports since they have few variables that influence the external costs.

3.4.3 Pricing Adjustments & Demand Sensitivity

SLL responded to increased landed costs by making gradual price changes to the luxury furniture brands. Internal pricing records show that average retail prices have been on the rise by about 12-18 percent in the period of study. As much as this price adjustment was required to sustain profitability and satisfy the higher cost of imports, it also came with novel problems of consumer demand. The data analysis of sales shows that there is an inverse correlation between the increase in price and the quantity of sales as well, which means that the demand price elasticity is negative even in the segment of luxury goods.

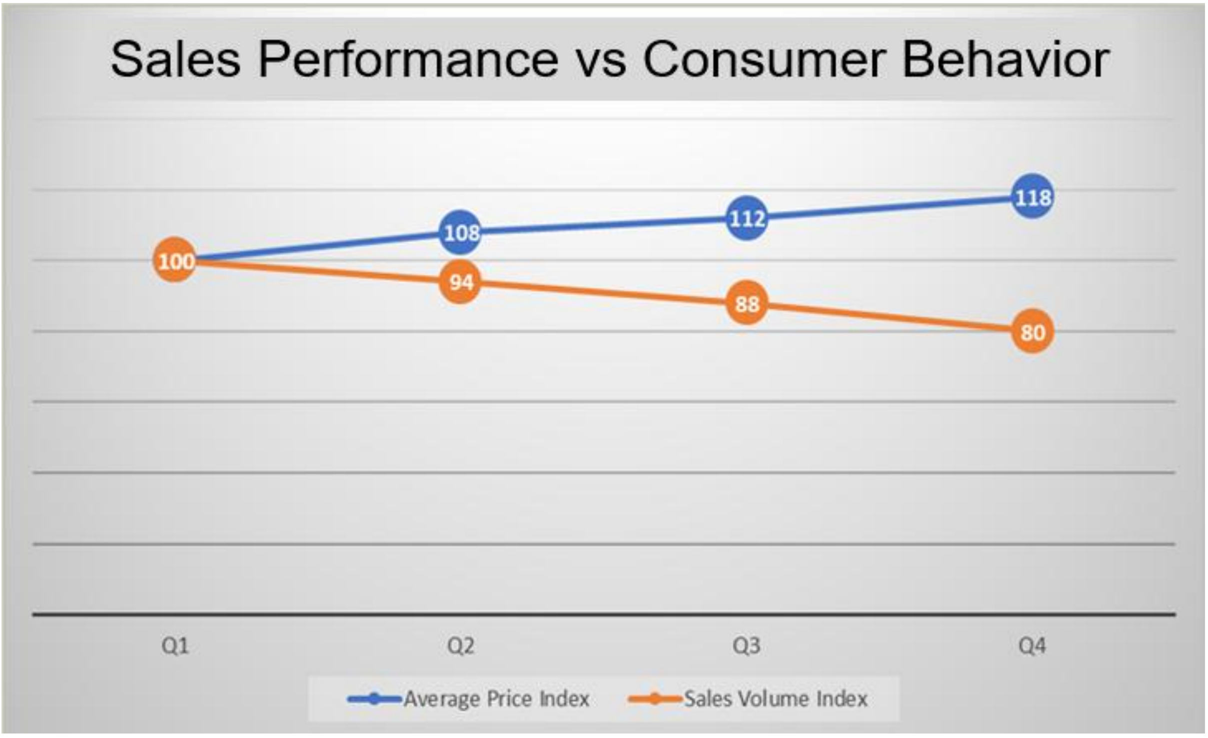

Figure 5: Relationship Between Average Price Increase & Sales Volume Trend

This observation implies that, despite luxury customers being relatively insensitive to price, continued fiscal and price increases can lead to the loss of consumer confidence and spending intentions. According to Kapferer and Bastien (2012), luxury consumption is strongly connected with psychological confidence and economic sentiment, both of which are adversely influenced in times of political and fiscal unstable situations. Deloitte (2021) also mentions that in emerging markets, the luxury demand is even weaker as the consumers feel unpredictable about their future income and economic state.

3.4.4 Sales Performance During Periods of Policy Uncertainty

A detailed analysis of the sales performance of SLL shows that the total increase in revenue was significantly reduced during times of increased government instability. Although high-net-worth individuals still made selective purchases, the case with mid-tier luxury consumers was different, as they were being selective in their purchases. This group was characterized by indecisiveness to make purchases, switch to lower-grade products, or leave the market. The results indicate that the instability of the government not only has an impact on the aggregate demand but also on the customer base composition of SLL.

Table 2: Observed Changes in Consumer Purchasing Behavior

Behavioral Shift	Observed Impact
Deferred Purchases	Customers postponed buying decisions due to uncertainty
Shift to Lower-Ticket Items	Increased preference for smaller or less customized products
Reduced Custom Orders	Decline in high-value bespoke furniture requests
Increased Price Negotiation	Greater sensitivity to discounts and promotions

These operational modifications each had visible operational outcomes on SLL, such as reduced turnover, increased holding costs, and increased pressure on sales teams to make concessions. The same trends are observed in the reports of the World Bank (2023), indicating dropping consumer confidence and decreasing discretionary spending in times of macroeconomic and political uncertainty in Bangladesh.

3.4.5 External Validation Through Industry – Level Evidence

In an effort to enhance the validity of the findings, there was a comparison between firm-level observation and industry-wide and academic data. Baker, Bloom, and Davis (2016) show that increased uncertainty in economic policies results in a decrease in investment, employment, and expenditure by firms and consumers. According to the report by Deloitte (2021), the demand in luxury retailers in the emerging economies is exhibited to be more volatile in times of fiscal inconsistencies, especially when upper-class consumers (sensitive to prices) retreat out of the market. The fact that these data points are consistent with internal information of SLL serves as an additional argument that the findings in question are structural and not firm-specific.

3.4.6 Fiscal Risk Exposure Analysis

The findings were used to come up with a fiscal risk matrix that would determine the probability and effects of the major risks that SLL encounters as a result of government instability. This matrix gives a planned summary of the strategic weaknesses linked with volatility in fiscal policy.

Table 3: Fiscal Risk Matrix for Luxury Furniture Imports

Risk Factor	**Likelihood**	**Impact**
Sudden Import Duty Revision	High	High
VAT or Tax Policy Changes	Medium	High
Exchange Rate Volatility	High	Medium
Regulatory Delays	Medium	Medium

The sudden import duty revisions have been pointed out as the most important risk in the matrix since these have an immediate impact on the landed cost and pricing decision. Fiscal risks are also exacerbated by exchange rate volatility, which further increases the uncertainty surrounding import costs. The above risks underscore the strategic importance of proactive fiscal planning and flexible pricing strategies for luxury importers in politically unstable environments.

3.4.7 Summary of Key Findings

Overall, the results clearly illustrate that the instability of the government largely affects Shanta Lifestyle Limited in a multi-dimensional manner. Unpredictability in fiscal policy translates into an increase in the cost of imports, and this increases the need to adjust prices upwards. All these price increments, coupled with the lack of consumer confidence leads to poor sales performance and a change in purchasing behavior. The fact that the evidence offered at the firm level aligns with national and international studies proves the high validity of these results. Through this chapter, a solid empirical basis for the findings and recommendations that would be made in the following chapters of the report has been formed.

3.5 Summary and Conclusions

This paper analyzes how unstable government conditions affect fiscal policy, pricing choices, and sales in the luxury furniture industry, particularly at Shanta Lifestyle Limited (SLL). The results indicate that periods of political instability in Bangladesh are associated with increased fiscal policy uncertainty, particularly regarding the level of import duties, advance income tax, and the requirements for regulatory compliance. Since SLL was highly dependent on imported luxury furniture, this volatility in the policies directly led to an increase in landed costs and a decrease in the predictability of costs. This meant that the firm had to reprice its structure upwards to stay afloat. Nevertheless, such price changes were in a larger context of diminished consumer confidence, resulting in stifled discretionary expenditure and low sales performance. The paper goes further to conclude that instability in governments can have a significant causal nexus on the end results of the firm: political uncertainty translates into fiscal volatility, which drives up the cost of imports, limits price adjustment, and eventually suppresses consumer demand. Sudden changes in the import duties and changes in the exchange rates are also observed as high-impact risks that increase the operational vulnerability of luxury retailers that rely on imports. The correspondence between the company-specific evidence of SLL and external research in the industry demonstrates that these issues are not organization-specific but structural in nature, making it essential to be strategic in the politically volatile environment.

3.6 Recommendations/Implications

Based on the results of the research, it is recommended to make the following recommendations to Shanta Lifestyle Limited and others, which are also import-dependent luxury retailers:

- Implement scenario-based pricing measures that take into consideration the possibility of fiscal shocks, especially the sudden increase or decrease in import duties and taxation systems, to minimize emergency retail pricing adjustments.
- Build a stratified product offering that incorporates a broader price grouping, and this will allow the firm to sustain demand by the price-sensitive luxury customers during times of economic and political instability.
- Adopt adaptable marketing and sales plans in volatile times, including specific product discounts or package deals, to curb the demand decline without damaging the brand reputation.
- Enhance fiscal risk management and monitoring through close observation of government budget announcements, statutory regulatory orders, and policy indications to enhance advanced decision-making.
- Implement the currency risk buffering strategies, such as planning and cost averaging, as a way of reducing the cumulative effect of exchange rate volatility on the cost of imports.

- Enhance the customs and compliance planning by simplifying the documentation procedures and enhancing the coordination with clearing agents to minimize delays and extra expenditures in times of tightening of regulations.
- Improve inventory control and demand projection to prevent overstocking of high-value items in times of low consumer confidence.

In the bigger picture, the results suggest that policy predictability and fiscal stability are key factors to the survival of the import-dependent sector in emerging economies. The high frequency of unforeseen changes in tax and duty formats has a disparaging impact on the performance of luxury retailers in terms of escalating cost volatility and eroding discretionary consumption. Policymakers can thus consider the economic consequences of fiscal uncertainty in the long run, with confidence and sustainability of the industry in the private sector.

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