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Effects of External Factors on Cash Flow Performance of the National Savings and Credit Bank Zambia (NATSAVE)

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ABSTRACT
This was a research on the effects of external factors on cash flow performance of the National Savings and Credit Bank (NATSAVE). The study adopted a case study design. The study used a sample size of 285 respondents. The research objectives were to find out the external factors affecting cash flow performance of NATSAVE; to determine the extent of cash flow pattern at NATSAVE; to examine the effects of external factors on the cash flow performance of NATSAVE and to explore how NATSAVE manage the external factors to increase cash flow performance. The study established that the external factors (economic, technological, sociocultural and legal factors) affect cash flow at the National Savings and Credit Bank. When respondents were asked to rank known factors affecting the cash flow performance of NATSAVE, the majority agreed the NATSAVE has been hit mostly by economic factors, followed by political factors, then technological factors, legal and finally sociocultural factors. The coefficient results indicated that the predictors (economic, technological, sociocultural, political and legal factors) had a statistically significant relationship with cash flow performance at NATSAVE.
According to the study findings, among others, some of the effects of the external factors are that economically conditions such as inflation, interest rates, exchange rates, and overall market demand can significantly impact cash flow positively or negatively. Social cultural changes in consumer behavior, trends, and preferences can influence cash flow. Positive political environment improves cash flow. To deal with the external factors affecting organization cash flow, the study results revealed that the majority of the respondents agreed that closely monitoring monetary expenses, providing cash flow training for your team, communicating effectively within the business and value addition could play a major role in improving the cash flow of the organization. Notably, a lot of people disagreed on the use of offloading inventory that doesn't sell well as a measure to boost cash flow. Some recommendations arising from the study are that there is need for the Zambian government to put up policies that can help reduce inflation, and reduce on the interest rates then the organizations such as banks can improve cash flow and that there is a need to learn the culture and all aspects of social elements around the place in order to formulate strategies to help improve cash flow of an organization.

Keywords*: cash flow performance, external factors, zambia*

I. INTRODUCTION

Organizations mainly operate in two types of environments, internal and external. Those organizations which operate in an external environment mainly rely upon used resources to achieve their goals. The firms' business activities are also influenced by the external environment, which includes some constraints, restraints, challenges and opportunities. The survival and growth of the organization is influenced by these external factors (Voiculet, Belu, Parpandel, and Rizea, 2010). It is unfeasible for an organization to have some level of control over the external dynamics of the environment in which it operates. The performances of organizations are influenced or potentially influenced by exogenous factors of the external environment of an organization. (Njoroge, Ongeti, Kinuu, & Kasomi, 2016). Organizational success and survival can be measured by their cash flow situations. Cash flow is the lifeblood of every business (Yamoah, G, 2016). To obtain the appropriate information regarding the source and use of virtually the entire financial resources for a given time span, cash flow information assists its financial statement users (Rose et al, 2007). Particularly, the cash flow statement contains information which includes details of operating, investing, and financial activities (Macve, 1997). Cash inputs are required for the continuous existence and growth of every organization. However, technological, political, economic, sociocultural, and legal factors all have an impact on an organization's cash supply.

Internal and external settings are the predominant types of environments in which organisations operate. To attain their objectives, organisations that function in an external environment rely heavily on utilised resources. The external environment, which consists of limitations, restraints, challenges, and possibilities, also influences the business activities of the organisations. These external influences have an effect on the organization's survival and growth (Voiculet, Belu, Parpandel, and Rizea, 2010). It is impossible for an organisation to exert any degree of control on the external dynamics of its operating environment. Exogenous aspects of an organization's external environment influence or may influence the performance of an organisation (Njoroge, Ongeti, Kinnu, & Kasomi, 2016). The success and survival of an organisation can be gauged by its cash flow position. Cash flow is the lifeblood of any organisation (Yamoah, 2016). Cash flow information enables consumers of a financial statement in obtaining pertinent information regarding the source and use of almost all financial resources over a certain time period (Rose et al, 2007). Specifically, the cash flow statement provides details regarding operating, investment, and financial activities (Macve, 1997). All organisations require cash inputs for their continued existence and expansion. Nevertheless, technological, political, economic, sociological, and legal elements have an effect on a company's cash flow.Emerging markets occupy an intermediate position between the developed and less active economies according to investment perspective (Pereiro, 2002).Organizations must be aware of how external forces operate in an environment, influence cash flow activities in order to retain control over organizational cash flow.

II. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 Cash Flow

Cash flow is defined as the net difference between cash inflows and cash outflows in a firm. If a firm has Positive net cash flow, it's an indication that the liquid assets of a firm are increasing. This means that the firm is able to pay its liabilities, pay dividends to shareholders, invest more in the business, fund its operations on time and also set aside reserves for future use if the firm has financial challenges. If the firms' liquid assets are decreasing, the firm will have negative cash flows an indication that the firm will experience cash flow challenges. The importance of cash flow in any kind of business cannot be overlooked as without enough cash flows a business will collapse as it will not be able to fund its operations.

Management of cash flow is the process of controlling how cash is used to ensure that it's used in the right way to optimize returns. It involves control of company funds to increase returns by ensuring maximum investment and reduction in finance costs. It entails proper use of cash by investing it in productive activities than having idle cash. Managing cash efficiently involves the planning of how much cash to retain by considering the costs and benefits of having too much cash or having less or no cash. Cash management according to Atrill (2012) is the timely acquisition of information relating to a company's cash flow which may include among other factors capital balances as well as receipts and disbursements. Managing cash effectively involves providing cash resources on time to ensure that the operations of the firm are run smoothly. Cash is a corporate asset and should be managed using basic tools and techniques to safe guard it. Good cash management practices are important to the success of each company, either it has enough cash or it has cash crisis. Muinde (2013) argued that manufacturing firms contribute to economic growth, create employment as well as help in eradicating poverty. Despite the role they play experience a lot of challenges especially in managing their cash flows.

A study by Sunday and Burani (2013) showed that the main problem in managing cash flow in manufacturing firms is that the owners do not record as well as bank their sales. This is caused by the fact that they do not have management skills. Similarly, lack of proper cash records contributes to the owner not being able to account, use and manage cash well. The owner is not able to do monthly reconciliation of the cash book as the records are not well kept. These reconciliations are important aspect of managing cash flows. This can help the owner to detect if there is any cash problem and correct it in time. Internal controls relating to cash are very important in cash management. Only few business owners have the knowledge of internal controls and their importance.

2.2 External Factors

A variety of forces influence a business's ability to meet its targets. These forces are key variables in determining the cash flow position of a business. The external include political, economic, sociocultural, legal, technological and ecological factors. External economic factors that may have impact on the activities of a business include interest rates, inflation, employment factors and consumer behaviour. Canere (2018) asserts that the external factors that affect a business's financial performance are above the control of the managers of the firm. These factors are controlled by strong economic and political players. Canere (2018) emphasizes that it is expedient that business executives make cursory considerations of these external factors in their when developing business strategies. It is important to note that external factors vary with region. Businesses operate within political structures and institutions which provide a broader framework of direction and control. Businesses have little input in governments' fiscal policies, employment laws, foreign trade regulations, and the change in governments, yet these elements greatly affect factors such as the business's cost of production, labour relations and price policies (Mark & Nwaiwu, 2015).

An example of a company whose cash flow position has been affected by political structures and institution is Honda, when the firm was slapped with a fine of 70 million US Dollars for violations of safety laws (Ivory, 2015). US's "size- based" industrial policy, which offered incentives in the form of exemption small businesses from regulations which large corporations were subject to, awarding government contracts to small businesses, imposing less taxes resulted in favourable cash flow for small business to the detriment of large businesses (Flows, 2014). Telsa is another company whose cash flow position benefited from the US innovation policy. The policy involved government investment in to the auto industry to promote innovation (Shapira & Youtie, 2010). Telsa's cashflow from financing activity improved by a $465 million loan from the government in 2009. In addition, the government granted tax credit for cars purchased in the U. S, thus increasing sales, resulting in improvement in Telsa's cash flow from operating activities. Walmart, a prominent U.S retail firm suffered from negative cash flow from operating activities in Germany. Critics attributed this failure to lack of understanding of some cultural issues in Germany (Knorr & Arndt, 2003). Nokia suffered loss of cash flow from technological advancement, when the company lost significant market share to the android market (Lamberg, Lubinaitė, Ojala, & Tikkanen, 2019).

Ecological factors that influence an organisation's cash flow position include activities to preserve natural environment and optimize the organisation's productivity. Ecological activities that typically impact an organisation's cash flow take the form of investment in supplying products and services that are eco- friendly, and engaging in corporate social responsibility (CSR) activities to protect the environment. Claessens (2015) expounds that ecological factors ought to be of key concern to organisations as these factors are associated with natural resources required as input for supply products. Miles and Snow (2008) assert that organisations that align their business strategies to their external environment are likely to achieve more successes than those than do not adapt to their external environment.

2.3 External Factors Affecting Organizational Cash Flow

According to Beatham et al. (2004), institutions measure their performance in financial terms; turnover and profit. Various research findings on performance management, however, advocate for an emphasis on both financial and non-financial dimensions of organizational performance such as service quality, competitiveness, organizational flexibility, customer satisfaction, resource utilization and technology (Harris and Monticello, 2001; Atkinson and Brander-Brown, 2001). Cadogan et.al (2002) explains that the factors of an organization has significant influence on the cash flow performance; factors that influence organizational cash flow include technology, market changes, and competition and customer demands. According to Birgonul (2010), managing the negative and positive effects of external factors has the power to reform cash flow characteristics of an organization.

2.3.1 Economic Factors

According to Barkauskas (2014) economic factors have the biggest effect on cash flow of any given organization. Botezat (2003) states that the development and performance of organizations strongly depend on the growth of revenue. Ramanauskien (2010) noted that a rise in wages enables people to spend more money. This factor greatly affects institutions that collect revenue (Barkauskas, 2015).Entry modes having low break-even sales volumes such as indirect exporting are favored by a small market (Root, 1998). This becomes more applicable when the industry is concentrating on a specific smaller segment of a large market (Johnson, 2005). An agreement with the local distribution channels is vital to gain access to each national market. Shipping arrangements, documentation, and other issues over and over again make it hard and expensive for small companies to export (Leonidou, 2004). Need for local sales services and groups, transportation time and complicated adjustments of price and performance are the factors that should be considered carefully. Cost can be hiked when it comes to a product that is of great value or needs to be delivered fast (Porter, 1998). Economic factors' analysis has shown that in the overall economic growth case, the performance of organizations attracts and increases good will from other sectors in a state (Barkauskas, 2015).

2.3.2 Technological Factors

The technological factors includes research, knowledge and technology (Snieskiene 2009). Technological factors increase the country's competitiveness through the provision of timely and effective information, the modernization of servicing systems, the assurance of the appropriate level of quality and other measures based on innovations and adapted technology (Barkauskas, 2015). Barkauskas asserts that when using modern technology and information systems, it is necessary to achieve that institutional information would be available for residents of a given country and people from foreign countries as well. The increased use of computer programs, technological trends and innovations, increasing speeds in producing units, smart systems, improvements in artificial intelligence and diversification are examples of technological forces (O'Connor, 2000). Electricity, telecommunications, railroads, water supply and natural gas are some of the factors that attract potential investors in a given place (Johnson, 2005). According to Root (2008), high transportation cost makes it hard for external parties to compete with local products, especially when there is a large distance between the two countries. In developed countries like the United States, Germany and Sweden the infrastructure is generally better compared to that in developing countries (Kessides, 2004).

2.3.3 Socio-Cultural Factors

Dess et al. (2008), suggest that beliefs, values, and lifestyles of a society are influenced by sociocultural forces. They further expound that socio-cultural forces influence sales of services and products through the enhancement of sale of services and products of an industry while suppressing those of others. Consumer purchases are strongly influenced by cultural, social, personal and psychological characteristics; generally, marketers can't control these factors but instead take them into account (Armstrong and Kotter, 2000). Keegan et al. (1992) suggest that there are internal and external factors that influence consumer behavior; external factors include economic, demographic, situational, social, and technological factors while internal factors include attitudes and beliefs, learning needs and motives, perception and values, and personality.

2.3.4 Political and Legal Factors

The political-legal environment includes such factors as political stability, strategic development objectives, small and medium business promoting, the government executed institutional promotion and regulatory policy, the government's support and the business of an institution's regulating legislation. Legal and bureaucratic restrictions are one of the main obstacles to the development of revenue collection business. Usually, legal documents promote the revenue collection activity and therefore its performance but there are cases when due to specific conditions, the activity may be legally restricted (Barkauskas, 2015).

According to O'Connor (2000), political forces influencing cash flow in the business world include: wars and diplomatic relations, trade agreements, sanctions and embargoes, political trends and events, legislation protecting consumers and safety and health of the employees. Political inputs are most likely to happen in branches that affect certain political goals, such as native access to national resources, defense and employment (Porter, 1998). If the market's economy is a centrally planned socialist economy, political factors tend to have an impact on the entry mode and performance of the business (Root, 2008). According to Cheverton (2004), government actions are together with suppliers and customers part of the business process. Some kind of legislation can also belong to either political or legal forces depending on its nature and local circumstances. The legislation is used to restrict for example marketing activities, particularly in industrialized countries (Yadin, 2002). According to Barkauskas (2015), ideal conditions for the development of revenue collection institutions are political stability, security, well-defined and functioning legal system, public goods provided by the state – infrastructure, environment, information.

2.4 Theoretical and Conceptual Framework

This study was be guided by the open systems theory to explore the interaction between organizations and their external environment, as well as the resulting impact on organizational cash flow.

The conceptual framework was developed from the various information that was reviewed in the literature review. Concepts, variables and theories were pulled out from the reviewed literature and guided the development of the current conceptual framework. The conceptual framework used in this study was developed based on the open systems theory which stresses that an organization's environment has an effect on it. The environment in which the organization operates is political, economic, and social in nature. Accordingly to the conceptual framework shows variables and their possible patterns with respect to influence on each other and how as a whole they in turn influence cashflow performance of NATSAVE. The independent included economic, technological, sociocultural, political and legal factors. As illustrated in the figure, the dependent variable is the cashflow performance. The literature review provided critical justification for selecting these specific variables and their effect on micro financial institutions.

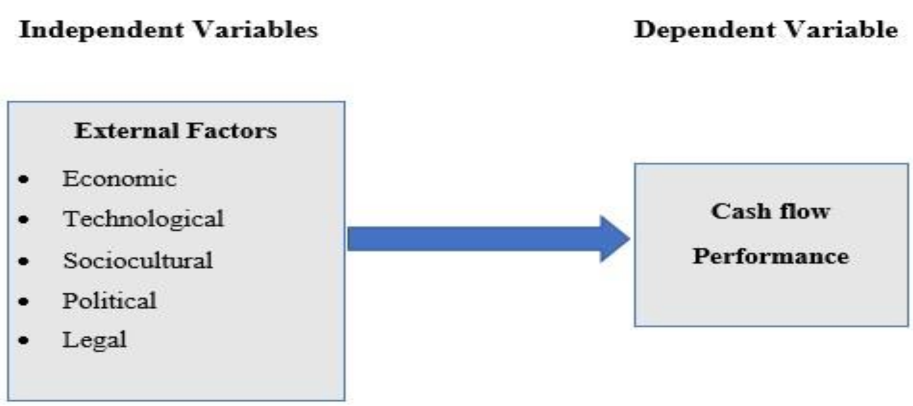

Figure 2.1: Conceptual framework

III. RESEARCH METHODOLOGY

This study adopted mixed research approach. The mixed research approach was used because it allows researchers to gather both quantitative and qualitative data, providing a more comprehensive understanding of the research topic. By combining different research methods, the researcher was able to triangulate findings and increase the validity and reliability of the results. This study adopted case research design drawing upon quantitative and qualitative data. Both primary and secondary data collection methods were utilized, and the collected data was carefully analyzed and interpreted to highlight the key research issues. The research questionnaire was used as the main tool for data collection. The interview guide was also used to collect qualitative data. The study used simple random sampling technique to select respondents. Therefore, from among the workers at National Savings and Credit Bank (NATSAVE) 285 respondents were selected. Yamane 1967 formula was used to determine the sample size from a given population.

IV. RELIABILITY AND VALIDITY

In order to ensure reliability, the researcher used a pre-test the research instruments in a pilot study across several potential respondents to ensure that the understanding of the questionnaire was consistent across different respondents. The questionnaire was revised in order to address the issues in the questions that will not be easily understood or not similarly understood by the respondents in the pilot of the questionnaire. Thus, validity entails whether the study instruments/tools are able to measure what they ought to measure given the context in which they are applied. In order to minimize the issues in relation to the test validity, the questionnaire was designed as a close-ended questionnaire thereby limiting the responses of the respondents to a positive response, a negative response, or no response to the question posed. Given that the questions were close-ended questions; the validity of the questionnaire was accepted due to this approach which ensured that the responses reflected the respondents' unbiased perspectives.

V. ETHICAL CONSIDERATIONS

In this study, the rights and respect for privacy will be upheld. All the ethical principles which include informed consent, confidentiality, justice, anonymity, and protection from harm will be observed. Informed consent will be applied to participants by providing potential research participants with all the necessary information about a study so that they can make an informed decision about whether to participate or not. The participants will be assured of confidentiality and there will be no coercion whatsoever as a form of making the respondents participate in the research. All information collected will be purely used for the purposes of this academic research and confidentiality will be upheld. Using justice, the researcher will not expose one group of people to the risks of the research solely for the benefit of another group and therefore, fair and equal distribution of benefits and risks of participation in a research study for the researcher and participants will be observed. Providing anonymity of information collected from research participants mean that will not collect identifying information of individual persons such as names and addresses. To protect respondents from harm, the researcher will obtain informed consent from participants.

VI. ANALYSIS OF THE RESULTS

6.1 Response Rate

As evident from the 6.1 below the sample size was 285 respondents 280 questionnaires were successfully returned, and considered for data analysis, which translates to a response rate of 98% while only (5) 1.8% of the questionnaire were not returned. This was considered appropriate and good enough for the data analysis to continue to answer the study objectives because the return rate matched the three quarters required threshold. Babbie and Earl (2009) noted that a response rate of 50% is satisfactory enough for data analysis while a response rate of 70% and above is deemed good.

Table 6.1: Response rate

Response rate	**Frequency**	**Percentage**
Returned questionnaires	280	98.2
Unreturned questionnaires	5	1.8
Total	**285**	**100**

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6.2 Government Directives Affect Cash Flow Performance of NATSAVE

The research findings revealed that government directives affect the cash flow performance of the National Savings and Credit Bank. This is because the findings revealed that 76% of the respondents agreed while only 24% of the respondents said no.

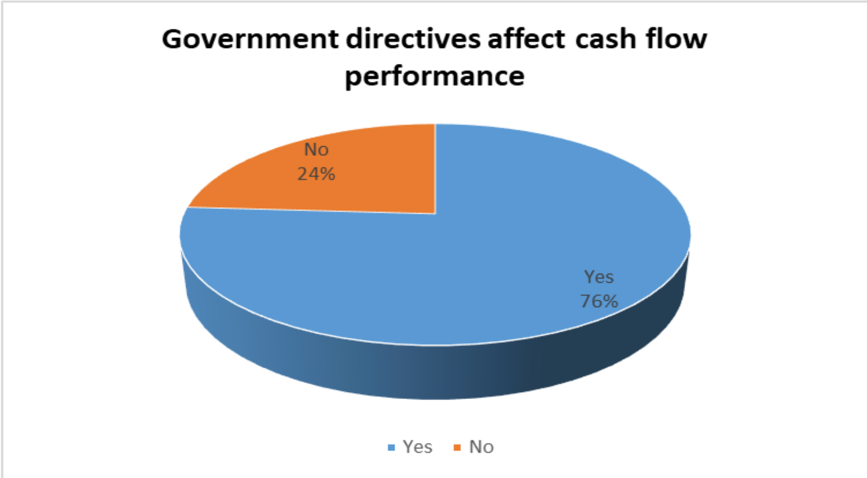

Figure 6.1: Critical failure factors

6.3 NATSAVE Rely on Government Grants to Support its Financial Operations

The study findings in table 6.2 below show that the National Savings and Credit Bank relied on government grants to support its operations. Majority of the respondents said yes, the statement only a few disagreed. This was represented by 95.7% and 4.3% respectively.

Table 6.2: NATSAVE reliance on government loans

Response	**Frequency**	**Percentage**
Yes	268	95.70%
No	12	4.30%
Total	**280**	**100**

6.4 NATSAVE's Major Line of Income Comes from Loans

According to the study findings, NATSAVE's major line of income come from loans. Research results indicate that who said yes represented 85% while those whole said no were represented by 15%. The findings entail that for a bank like NATSAVE, the major line of income is from loans.

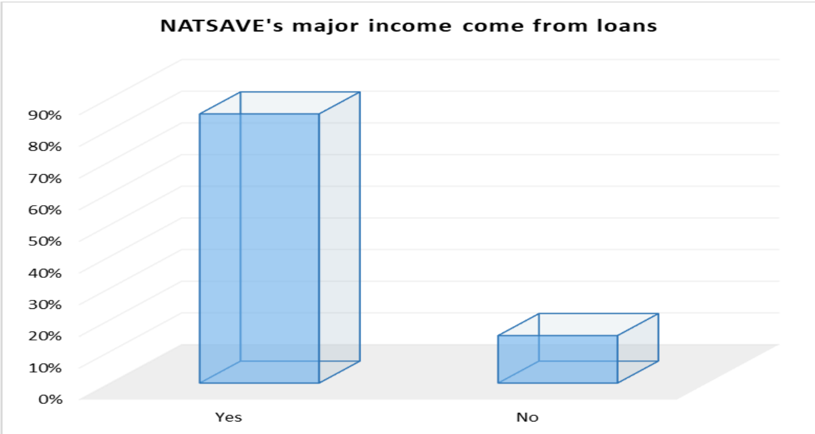

Figure 6.2: Measures and strategies

6.5 Level at Which the Non-Performing Loan Impacted Cash Flow

The study findings in table 6.3 below shows that the non-performing loans at the National Savings and Credit Bank had the highest impact on the cash flow performance of the bank.

Table 6.3: How non-performing loans impacted NATSAVE

Impact	Frequency	Percentage
Highest	174	62.1%
High	43	15.3%
Medium	20	7.1%
Low	26	9.3%
Lowest	17	6.2%
Total	**280**	**100.0%**

6.5External Factors Affecting Cash Flow in the Organization

According to figure 6.3 below, the majority of the respondents 39% and 30% stated that economic factors and political factors greatly influence organizational cash flow respectively. These were followed by technological factors at 20%, legal factors at 6% and sociocultural factors at 5%. Therefore, according to the study findings, it can be deduced that these external factors which include economic, technological, sociocultural and legal factors affect cash flow at the National Savings and Credit Bank.

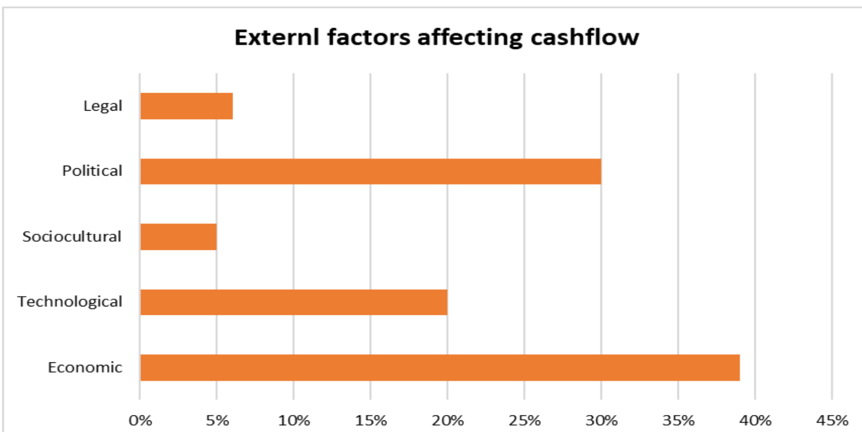

Figure 6.3: External factors affecting cash flow

6.6 Extent of Cash Flow Pattern at NATSAVE

The research findings indicate that NATSAVE's cash pattern is negative represented by majority of the respondents (70%), positive had 20% while neutral had 10%. From the study findings, it can be noted that NATSAVE has a negative cash flow pattern. This means that the bank has more money going out than what comes in. This situation can lead to financial instability if not addressed promptly by the business owner. Negative cash flows may result from various factors such as high overhead costs or low sales volume.

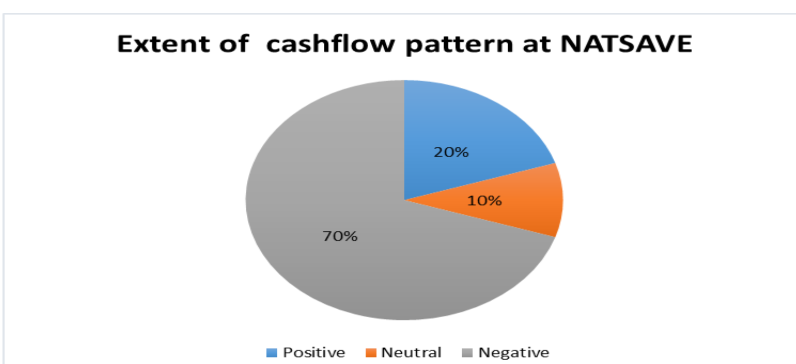

Figure 6.4: Extent of cash flow pattern

6.7 Effects of External Factors on Organizational Cash Flow

When respondents were asked if external factors had an effect of cash flow performance of an organization. Majority agreed, a small number was not sure while only very few disagreed. The findings in table 6.4 shows the effects of external factors on cash flow.

Table 6.4: Effects of external factors on cash flow

Factors	Effects
Economic	• Conditions such as inflation, interest rates, exchange rates, and overall market demand can significantly impact cash flow positively or negatively. • Economic downturn may lead to reduced consumer spending, affecting sales and cash flow. • Booming economy can result in increased consumer spending and higher cash flow.
Technological	• Improve operational efficiency. • reduce costs
Sociocultural	• Changes in consumer behaviour, trends, and preferences can influence cash flow • Shifts in consumer preferences require the organization to adjust their offerings to maintain cash flow.
Political	• Positive political environment improves cash flow. • Increase in corporate taxes may reduce cash flow • Favourable trade agreements can expand market access and improve cash flow.
Legal	• Promotes complying with rules and regulations. • Fines and penalties • Increased regulatory requirements may necessitate additional resources or investments

6.8 Measures to Improve Cash Flow

To deal with the external factors affecting organization cash flow, the results in table 6.5 below revealed that the majority of the respondents agreed that closely monitoring monetary expenses, providing cash flow training for your team, communicating effectively within the business and value addition could play a major role in improving the cash flow of the organization. Notably, a lot of people disagreed on the use of offloading inventory that doesn't sell well as a measure to boost cash flow.

Table 6.5: Measures to improve cash flow

	Strongly agree 1	Agree 2	Neutral 3	Disagree 4	Strongly disagree 5
Value addition	114	97	27	30	12
Offloading inventory that doesn't sell well	23	86	4	90	77
Closely monitoring monetary expenses	85	101	49	25	20
Provide cash flow training for your team	98	112	28	24	18
Communicate effectively within your business	87	104	51	30	8

6.9 Regression Coefficients

The coefficient results in table 6.6 below provide information that explains the relationship between the predictors (economic, technological, sociocultural, political and legal factors) and cash flow, and whether the relationship is statistically significant. From the results, the study shows that economic factors have a positive and statistically substantial relationship with cash flow, B=0.967 and the corresponding significant value (sig) of 0.001 (which is less than 0.05). There is also a positive and statistically significant relationship between technological factors and cash flow (B = 0.677, P (sig) = 0.004 <0.05; socioeconomic factors (B = 0.207, P = 0.000<0.05); political factors (B = 0.369, P = 0.045<0.05); legal factors, (B=0.341, P = 0.037<0.05. This therefore implies that all the five external factors have a positive and significant relationship with cash flow.

Table 6.6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.836	0.270		3.194	0.003
	EF	0.967	0.155	0.577	4.767	0.000
	TF	0.677	0.176	0.306	3.074	0.004
	SEF	0.207	0.091	1.025	10.605	0.000
	PF	0.369	0.103	0.167	2.064	0.045
	LF	0.341	0.156	0.027	2.001	0.037
a. Dependent Variable: Cash flow						

VII. DISCUSSION OF RESULTS

7.1 Extent of Cash Flow Pattern at NATSAVE

From the study findings, it can be noted that NATSAVE has a negative cash flow pattern. The findings revealed that NATSAVE has negative cash flow pattern due to loan defaults because if borrowers fail to repay their loans, it can lead to a negative cash flow for the bank. This has happened because the borrowers at NATSAVE have become insolvent and the bank's credit risk assessment has failed tremendously. Furthermore, the findings indicate that the negative pattern has been due to decline in interest income and increase in non-performing loans. This means that NATSAVE primarily earn income through the interest charged on loans and other investments. When interest rates drop or borrowers refinance their loans at lower rates, the bank's interest income may decrease, resulting in negative cash flow. Non-performing Loans (NPAs) refer to loans that are in default or close to default. Due to the number of NPL increasing, it has negatively impacted the bank's financial cash flow as it has set aside provisions for potential loan losses. It was also revealed that the negative cash flow pattern has been caused by economic downturn because for the past few years Zambia’s economy has not been stable. Similarly to the findings above, Cody (2020) explains that when a bank has a negative cash flow pattern it entails that is giving out more money than what it receives owing to a number of factors affecting its operation.

7.2 External Factors Affecting Cash Flow in the Organization

The study findings show that majority of the respondents 69% stated that political factors and economic factors greatly influence organizational cash flow respectively. These were followed by technological factors at 20%, legal factors at 6% and sociocultural factors at 5%. Therefore, according to the study findings, it can be deduced that these external factors which include economic, technological, sociocultural and legal factors affect cash flow at the National Savings and Credit Bank. The coefficient results indicate that the predictors (economic, technological, sociocultural, political and legal factors) and cash flow had a statistically significant relationship. The study established that organization cash flow is affected by political factors, which include how regulations and policies imposed by the national or local government affect the way business is conducted. Import and export restrictions make it difficult or uneconomical to do business across borders.

Economic factors which include different types of taxation and other duties paid to the local authorities affect cash flow to a greater extent. Inflation: High inflation rates can erode the purchasing power of the bank's income and affect its profitability. It can lead to increased costs of operations, including employee salaries, maintenance, and other expenses. The NATSAVE provides loans and financial services to various sectors in Zambia, including agriculture, manufacturing, and infrastructure. Fluctuations in exchange rates have impacted the repayment capacity of borrowers who have borrowed in foreign currency, affecting the bank's cash inflows. Economically, it was established that NATSAVE's cash flow is influenced by prevailing interest rates. A higher interest rate environment can increase the cost of borrowing for the bank, reducing its ability to attract borrowers and generate interest income. Economic policies and regulations implemented by the government can have a significant impact on the cash flow of NATSAVE. Changes in policies related to lending rates, loan guarantees, or subsidies can affect the bank's revenue and cash flow.

Sociological factors which are attitudes and profiles are constantly changing. Developing a demographic profile of consumer base helps in understanding what motivates them and as such entrepreneurs find it difficult to keep and use the data base efficiently and effectively. With advances in technology developing at a seemingly unstoppable rate, keeping up-to- date with changes could help in developing a market advantage in the face of competition. Technological change is most evident in how we communicate, with smart phones and tablet computers becoming commonplace. Keeping up to date with technology is greatly affect the cash flow of NATSAVE due to the fact that most banks have gone digital and therefore, any lapses to provide effective technological services leads to loss of clients and consequently affecting cash flow.

7.3 Effects of External Factors on Organizational Cash Flow

The study findings established that the external factors which include economic, technological, sociocultural, political and legal factors affect the cash flow of the organization. The study established that the effects of Economic, Technological, Sociocultural, Political, and Legal factors on organizational cash flow can vary depending on the specific circumstances and industry. Here are some general insights: Economic conditions such as inflation, interest rates, exchange rates, and overall market demand can significantly impact cash flow. For example, a recession or economic downturn may lead to reduced consumer spending, affecting sales and cash flow. On the other hand, a booming economy can result in increased consumer spending and higher cash flow. Technological advancements can both positively and negatively impact cash flow. Adopting new technologies may enhance productivity, reduce costs, and increase cash flow. However, failing to keep up with technological advancements or investing in outdated technologies can hinder cash flow due to inefficiencies or missed opportunities.

Sociocultural factors encompass societal attitudes, beliefs, values, and lifestyle preferences. Changes in consumer behavior, trends, and preferences can influence cash flow. For instance, shifts in consumer preferences towards sustainable or ethical products may require organizations to adjust their offerings to maintain cash flow. Political factors include government policies, regulations, stability, and geopolitical events. Changes in taxation policies, trade agreements, or political instability can impact cash flow. For example, an increase in corporate taxes may reduce cash flow, while favorable trade agreements can expand market access and improve cash flow. In tandem with the above findings, Salihu (2015) is of the view that political factors such as corruption and weak governance can have a detrimental effect on the bank's cash flow. Mismanagement of funds or diversion of resources due to corrupt practices can lead to financial losses and impact the bank's cash flow.

Legal factors consist of laws, regulations, and legal frameworks that organizations must adhere to. Compliance costs, legal disputes, or changes in regulations can directly affect cash flow. For example, increased regulatory requirements may necessitate additional resources or investments, impacting cash flow. The above study findings are in tandem with Anatan (2017) who asserted that economic, technological and political factors are among the external factors that greatly affect organization cash flow. The study findings indicate that technological and economic factors ranked highly presented many challenges that various organizations often had to deal with. Theses result demonstrates that external environmental complexity has a bearing on the cash flow performance of an organization.

Additionally, Yamoah (2016) observed that the drivers of external environmental complexity are distributed across socio-economic, political, technological, legal and socio-cultural environments. The external environment is dynamic with globalization and technological developments reshaping many organizations external environments. Therefore, organizations and business are experiencing turbulence. Many organizations indicated that technical factors, rivalry and industry competition, the threat of substitutes, and threat of new entrants, environmental factors, and economic factors competitive intensity had experienced the most significant change in the last couple of years. Changes in the external environment are inevitable; therefore, organizations ought to create a fit between them and the external environment.

7.3 Measures to Improve Cash Flow

According to the study findings, it was revealed that closely monitoring monetary expenses, providing cash flow training for your team, communicating effectively within the business and value addition could play a major role in improving the cash flow of the organization. Monitoring expenses can improve cash flow by providing valuable insights into where money is being spent and identifying areas where costs can be reduced. The findings above are related to the findings by Salihu (2015) who observed that by tracking expenses, businesses can identify unnecessary or excessive spending. This allows them to make informed decisions about reducing costs and reallocating funds to more critical areas. Monitoring expenses helps in creating and maintaining a budget. By comparing actual expenses to the budgeted amounts, businesses can identify any variances and take necessary actions to ensure expenses stay within the planned limits.

Consistently monitoring expenses enables businesses to identify areas where costs can be reduced. This can involve negotiating better deals with suppliers, finding more cost-effective alternatives, or eliminating unnecessary expenses. Salihu (2015) also established that regular expense monitoring provides businesses with a clearer understanding of their cash flow patterns. This allows them to forecast future cash flows more accurately and make better financial decisions. Monitoring expenses can help identify any fraudulent activities or unauthorized expenses, ensuring that cash flow is not negatively impacted by such incidents.

The study established that value addition can improve the cash flow of a bank in several ways. For example in line with the study findings above, the study by Canare (2018) established that by offering a range of financial products such as insurance, investment options, or credit cards, banks can increase their revenue streams and generate additional cash flow. His study also revealed that providing superior customer service, personalized banking solutions, and innovative digital platforms can help attract and retain customers. This, in turn, can lead to increased deposits, loans, and transaction volumes, thereby improving cash flow. Implementing efficient processes, automation, and technology solutions can reduce operational costs, streamline workflows, and improve overall productivity. This can result in cost savings and improved cash flow for the bank.

Effective risk management practices, including thorough credit assessments and monitoring, can help mitigate loan defaults and minimize non-performing assets. This ensures a healthier loan portfolio and improves the bank's cash flow. Offering various fee-based services such as account maintenance fees, transaction fees, or advisory services can generate additional revenue and improve cash flow. Banks need to maintain a balance between liquidity and profitability. By optimizing liquidity management strategies, banks can ensure they have sufficient cash reserves to meet customer demands while maximizing returns on their assets (Canare, 2018).

Therefore, according to the study findings, effective implementation of the above measures can determine how the improve cash flow of an organization because if they are not implemented effectively, nothing can change in terms of cash flow.

VIII. CONCLUSIONS AND RECOMMENDATION

8.1 Conclusion

The organization's cash flow performance is usually associated with a number of factors. This study revealed that external factors have adversely affected cash flow if not managed. Among these external factors are economic, technology, sociocultural, political and legal factors. The level at which these factors affect cash flow is very high and is a matter of concern to the organizations such as National Savings and Credit Bank (NATSAVE). From the study findings, it can be concluded that External Factors (Economic, Technological, Sociocultural, Political, Legal factors) affect organizational cash flow.

External factors affect cash flow differently, for example, economic conditions such as inflation, interest rates, exchange rates, and overall market demand can significantly impact cash flow. In terms of sociocultural factors, shifts in consumer preferences towards sustainable or ethical products may require organizations to adjust their offerings to maintain cash flow. Politically, changes in taxation policies, trade agreements, or political instability can impact cash flow. Fortunately, the study also revealed that there are measures that can be used to curb the above factors in order to improve cash flow of an organization. According to the study findings, it was revealed that closely monitoring monetary expenses, providing cash flow training for the team, communicating effectively within the business and value addition could play a major role in improving the cash flow of the organization.

8.2 Recommendations

Based on the results, the following are some of recommendations the study suggested;

- ❖ There is need for the Zambian government to put up policies that can help reduce inflation and reduce on the interest rates then the organizations such as banks can improve cash flow.
- ❖ There is a need to learn the culture and all aspects of social elements around the place in order to formulate strategies to help improve the cash flow of an organization.
- ❖ The government needs to improve on the incentives that it gives to support to banks.
- ❖ The government must provide an enabling environment for parastatals to thrive.
- ❖ The government must not interfere with the operations of the quasi-government institution. They must allow them to make decisions that may benefit the organization and the society as a whole.
- ❖ The individual firms also need to make strategies in order to reduce the impact of these external factors.
- ❖ There is need to carry out related research involving more one banking institutions to help come up with feasible strategies in the future that can be used across organizations in improving cash flow performance.

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