

**ASSESSMENT OF THE FINANCIAL SITUATION  
OF RURAL MUNICIPALITIES IN POLAND DEPENDING  
ON THE ACTIVITY OF THEIR INHABITANTS  
IN THE DEVELOPMENT OF NON-AGRICULTURAL  
BUSINESS ACTIVITY**

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**Purpose:** The purpose of the article is to identify and assess the financial situation of rural communes in Poland depending on the activity of their inhabitants in undertaking and developing non-agricultural economic activity.

**Design/methodology/approach:** The financial situation of rural communes in Poland was identified and assessed depending on the activity of their inhabitants in undertaking and developing non-agricultural economic activity. The empirical material of the article applies to both the whole country and all rural communes in Poland. Numerical data come from the Local Data Bank of the Central Statistical Office in Warsaw and concerns 2019-2021. The empirical material collected and ordered was developed in a descriptive, tabular, and graphic form, using the comparative analysis method. Furthermore, a point assessment of all diagnostic characteristics was performed that illustrates the financial situation of rural communes in Poland against the background of the entire country for the years 2019-2021.

**Findings:** The analysis of statistical data has confirmed the research hypothesis, which assumes that the financial situation of rural communes in Poland is related to the activity of their inhabitants in undertaking and developing non-agricultural business activity, with it clearly the best in units with high activity of residents in this area.

**Originality/value:** The originality of the work is the original approach to the analysis of the research issues undertaken. For the use of the research, the article combined and uses an original indicator of residents' activity in the development of non-agricultural economic activity in a given local government unit (commune) against the background of the country and other local government units (communes). In addition, the financial situation of the examined local government units was also assessed in the context of the country. The work is addressed primarily to local government officials responsible for public local government finances, as well as for conditions and possibilities and directions of local socioeconomic development of rural communes in Poland.

**Keywords:** financial situation, rural communes in Poland, economic activity of residents, non-agricultural economic activity

**Category of the paper:** research paper.

## 1. Introduction

The issues of entrepreneurship, the entrepreneur, and their institutional expression, i.e. an enterprise, occupy a serious place both in the theory of economics and in economic practise. The experience of highly developed countries indicates that they are the main media of progress, initiative, creative approach and innovation, thus constituting a dynamizing force of the process of growth and economic development, as well as an important source the prosperity of every economy, including rural (Schumpeter, 1960; Drucker, 1992; Kamerschen, McKenzie, Nardinelli, 1992; Gruszecki, 1994; Sawicka, 2000; Strużycki, 2008; Kulawiak, 2022).

The development of non-agricultural economic activity in rural areas is one of the priorities of the European Union's economic policy, including Poland. This is due to the fact that it positively changes rural areas, improving the quality and living conditions of the population, and maintaining their economic, social and environmental, and even cultural life, which is extremely important from the point of view of the multifunctional concept and sustainable development. The conditions for the development of non-agricultural economic activity in rural areas result from its considerable importance in the economy and in society. It brings financial benefits not only to people directly involved in it, but also to the commune itself in the form of revenues from fees and taxes, which are part of the commune's budget revenues. Causes that the municipality becomes more self-sufficient in terms of access to various products and services, promotes the attraction of investors from the outside and the creation of new business entities, causes the need for new and development of existing institutions or organisations, improves the image of the commune outside, and prevents the depletion of areas rural. However, the pace of development of non-agricultural economic activity in rural areas in Poland is still considered insufficient, but this applies not to the total number of business entities as their low ability to compete and finance development, and uneven territorial arrangement and insufficient creation of new jobs. Therefore, there is still a huge need for this activity in rural areas, which is also noticed by representatives of local governments and included in the strategic development plans of individual communes (Hybel, 2000; Kłodziński, Rosner, 2000; Zając, 2014; Kulawiak, 2022).

The development of non-agricultural economic activity in rural areas is conditioned by exogenous and endogenous factors, but it remains under the strong influence of regional and even local conditions. This process is usually carried out in the local environment (in a particular commune), which is why it depends largely on the endogenous features of this environment, which can either facilitate or hinder it. As a result, non-agricultural economic activity develops well in rural areas around larger urban centres and located along the main communication routes, where there is a significant degree of concentration of population, significant size labor market, appropriate infrastructure, greater wealth of the population, high

demand, high own income of communes, convenient own income Location relative to the market. Non-agricultural economic activity is also developing well where there are traditions of doing business, where there are better educated, enterprising and leaders, as well as in municipalities with high activity of local governments and other institutions and in rural areas, where special natural and cultural values occur, predisting for tourism development. Therefore, the most important factors stimulating the development of non-agricultural economic activity in rural areas are: location, human, social and financial capital as well as the activities of local governments, and the most important barriers to its development are: demand barrier and adverse demographic structures, especially in peripheral rural areas (Duczowska-Piasecka, 1997; Wilkin, 1997; Kłodziński, Rosner, 2000; Makarski, 2003; Safin, 2004; Kamińska, 2011; Kłodziński, 2012; Rosner, 2012; Duczkowska-Małysz, Duczkowska-Piasecka, 2014; Wasilewski, 2014; Kopacz-Wyrwał, 2015; Zarębski, 2015; Brodziński, Brodzińska, 2016; Kulawiak, 2022).

Overcoming restrictions in the development of non-agricultural economic activity in rural areas, as well as its further strengthening and the use of opportunities and opportunities in this respect, requires the creation, supply and strengthening of many encouraging factors, facilitating and supporting its undertaking and conducting, with such activities should be such activities to be and are implemented at various levels, i.e. national, regional and local and in a variety of ways. It should be added that local governments are of particular importance here, usually using a wide range of support forms of non-agricultural economic activity, both indirect and direct (Hybel, 2000; Kamiński, 2000; Sawicka, 2000; Rosner, 2000; Firlej, 2003; Zając, Kata, 2004; Gospodarowicz, Kołodziejczyk, Wasilewski, 2007; Zając, 2014).

Therefore, the main factors affecting the development of non-agricultural economic activity are more or less shaped by the development policy conducted by the local government. In this context, you can distinguish various models of supporting this development to which they belong (Filipiak, Kogut-Jaworska, 2009; Błachut, Cierpień-Wolan, Czudec, Kata, 2018):

1. Model of radical local government interventionism, based on the wide application by local government of income policy instruments (low tax rates and local fees, tax and fees relief, favorable conditions for entrepreneurs to use components of municipal property) and expenditure (infrastructure investments, guarantees, support of institutions operating on business development). The implementation of such a model means far -reaching interference in market rules and may increase the risk of excessive debt.
2. Model of limited local government interventionism, slightly burdening the budget of local government and does not cause distortion of the market mechanism, but also does not create extensive incentives motivating to conduct business.

3. Models oriented to the expectations of entrepreneurs:
  - The extensive development model, consisting of shaping conditions for the full use of the development potential of the small and medium -sized enterprises sector and improving its competitiveness. The concept of this model assumes participation in local initiatives and undertakings not only by representatives of local government, but also by residents and social organisations.
  - The intensive development model, based on dynamizing economic changes using new technologies and innovative solutions offered by local institutions and external investors. The cooperation of the public and private sectors in this model allows for better recognition of specific problems of the local environment (commune), allows one to implement joint investment projects, and facilitates obtaining social support for the concept of economic development adopted by the local authorities.
4. The dual model, connecting the most desirable elements from the point of view of economic development, including the development of non-agricultural economic activity. The actions taken as part of this model are comprehensive and allow for the simultaneous satisfaction of social and economic needs.

The local government is a key institution responsible for the implementation of many tasks to meet the needs of the primary importance for residents, as well as creating social and economic development in regional and local arrangements. The effectiveness of the implementation of tasks by local government units is largely dependent on effective financial management, and the guarantee of their implementation is the appropriate economic potential. Therefore, the quality of the local government finance system, considered a team of institutions, legal norms, and tools that specify the principles of financial management and used to carry out it, is important in this area. (Grzebyk, Sołtysiak, Stec, Zając, 2020; Kata, Czudec, Zając, Zawora, 2022).

The financial economy of the local government is a complex process conducted with respect to legislative requirements within the local government budget. Ensuring the efficient and proper operation of this specific economy, which consists primarily of cash and property resources, requires strict respect for many legal acts, standards, and budgetary principles. As part of the financial economy of local government, various public tasks and financial operations are carried out on individual public finance departments, and various methods and legal and financial instruments are used (Chojna-Duch, 2003; Kosek-Wojnar, Surówka, 2007; Sołtyk, 2017; Sołtysiak, 2017; Sołtysiak, Suraj, 2018).

The financial economy of the commune consists in collecting income and revenues and on making expenses and expenses to perform own and commissioned tasks, with its development and competitiveness, and secures the implementation of the needs of residents. In the income assessment of the municipality's budget, it is important to examine changes in income, its dynamics and structure, and spatial differentiation. On the other hand, based on the expenditure analysis of the budget side, it can be determined to what extent financial resources

are allocated to solving current problems and to which the promotion and development of the commune and to the improvement and increase in its competitiveness. It should be added that the analysis of the spatial differentiation of the level of budget revenues indicates that the high income of municipalities is not only the result of the resourcefulness of local government authorities, but also the result, among others, from the location of capital and enterprises, changes in the population, the state of infrastructure, neighbourhood or also the presence of cities and tourist attractiveness (Podstawka, 2005; Hybel, 2010).

Investment expenses in the financial economy of municipalities, in addition to their own income, are an important factor characterising their development capabilities. The wealth of municipalities clearly affects their investment capabilities. Units with greater budget revenues per capita usually also have greater investment opportunities. In addition, a greater share of own revenues in total budget revenues allows municipal governments to freely dispose of financial resources, and thus creates the opportunity to allocate larger amounts for investments. This is also important from the point of view of the issue of income independence of municipalities. For income independence understood as equipment for local government units with its own sources of income and free disposal, it is measured by the share of own income in the general amount of budget revenues. This type of income, therefore, gives the possibility for the local government to conduct its own income policy, while external power supply for their budgets in the form of subsidies and subsidies is a form of direct impact by the state on local government finances (Gołaszewska-Kaczan, 2005; Sobczyk, 2010; Dziemianowicz, Kargol-Wasiluk, Bołtromiuk, 2018; Czudec, 2021; Szolno-Koguc, 2021).

The implementation of the investment by municipalities is one of their most important public tasks, because it meets the basic needs of local local government communities and contributes to their development. In investment processes implemented by municipalities, there is a great difficulty in the objective assessment of the effective allocation of resources, which results from the complexity of investment projects, the distribution of their effects and expenditure in a long time, the multi -faceted influence of the investment on the environment, multiplicity of investment stakeholders, and the existence of interests between them. The specificity of this type of investment is their continuity, which is why expenditure on their implementation is systematically charged to the budget of a given local government unit, and the growing needs in this area create the need to search for sources of their financing. Therefore, it is important that the investment effectively and effectively satisfies the expectations and social needs, but also does not negatively affect the financial situation of a local government unit, which could result in a reduction in its potential to implement subsequent investments. In this way, a kind of closed system is created in which previously undertaken and implemented investments largely determine the potential and possibilities of implementing subsequent investments. Therefore, it is important that local government units, when implementing a specific investment policy, take into account both its socioeconomic and budgetary effects (Filipiak, 2011; Błachut, Cierpiat-Wolan, Czudec, Kata, 2018).

The financial management of public sector entities should lead to rational spending of public funds and making appropriate decisions in the field of managing these funds. A properly managed unit in the long run should develop the so-called "Good indicators", i.e. those that testify to its development. Particularly noteworthy is the concept of the financial (condition) of the financial unit of the local government interpreted as the ability of the local government to balance repetitive expenditure with repetitive sources of income, while implementing tasks arising from legal provisions, which are to be used to further multiply income and maximize public use for its residents (Mrówczyńska-Kamińska, Kucharczyk, Średzińska, 2011; Adamczyk, Dawidowicz, 2016; Ociepa-Kicińska, Gorzałczyńska-Koczkodaj, Brzozowska, Pluskota, 2022).

In defining the financial (condition) situation of a local government unit, it is most often emphasized: the possibility of financing services in a continuous manner, the comprehensiveness of healthy finances, the ability to repay liabilities, as well as maintaining the current level of services while maintaining resistance to risk of changes occurring in time. It seems that the most accurate interpretation of the situation (condition) of the financial local government unit refers to its ability to manage their financial obligations and to maintain services provided for the benefit of the local community in time (Filipiak, 2009; Dylewski, Filipiak, Gorzałczyńska-Koczkodaj, 2011; Filipiak, 2011; Wiśniewski, 2011; Kopyściański, Rólczyński, 2014; Zawora, 2015; Adamczyk, Dawidowicz, 2016; Kotowska, 2016; Natrini, Taufiq Ritonga, 2017; Ociepa-Kicińska, Gorzałczyńska-Koczkodaj, Brzozowska, Pluskota, 2022).

The financial situation of the commune is its financial status in a certain period of time, resulting from the income held and their structures, expenses and their structures, the degree of use of feedback, activity and effectiveness in obtaining non-budgetary funds, as well as the efficiency of financial and material resources management. Local authorities should depend on the good financial situation of a given territorial unit, because it is a component of its competitiveness. In addition, it is demonstrated, among others, by the ability to perform tasks, achieve budget balance, increase property, and implement and satisfy the needs of residents. Among the series of various conditions shaping the financial economy of local government units, including its financial situation, the generally extends exogenous and endogenous and mixed conditions. In addition, you can also distinguish some common categories, which include social, economic, environmental, and spatial conditions, as well as institutional and political ones. The catalog of such factors can sometimes be expanded to include events whose effects cannot be predicted, and which can fundamentally change the economic situation and the conditions of the operation of local government units. Such an event in 2020 was the appearance of a coronavirus pandemic. It should be added that the analysis of the financial situation of a local government unit provides information about its current and future financial and financial situation and also allows you to determine its possibilities and development perspectives. (Ossowska, Ziemińska, 2010; Zawora, 2015; Świrska, 2016; Bień, 2017; Standar, 2017; Stanny, Strzelczyk, 2018; Wójtowicz, 2018; Czudec, 2021).

## 2. Research aim, empirical material, and research methods

The purpose of the article is to identify and assess the financial situation of rural communes in Poland depending on the activity of their inhabitants in undertaking and developing non-agricultural economic activity.

The article puts a research hypothesis, which assumes that the financial situation of rural communes in Poland is related to the activity of their inhabitants in undertaking and developing non-agricultural economic activity, with it clearly the best in units with high activity of residents in this area.

The empirical material of the article applies to both the whole country and all rural communes in Poland. Numerical data come from the Local Data Bank of the Central Statistical Office in Warsaw and concerns 2019-2021. The empirical material collected and ordered was developed in a descriptive, tabular, and graphic form, using the comparative analysis method.

Data on the dynamics of new and closing existing business entities is often considered the main source of information about the activity of residents in the development of non-agricultural economic activity, as well as about the condition of the economy in a given area, e.g. in the commune. These indicators take into account not only hard economic growth factors, but also those who are immeasurable, related to the mood of investors and their predictions as to the possibility of undertaking and conducting non-agricultural business activity. The ratio of the growth dynamics of the number of registered business entities indicates the high activity of residents in the development of non-agricultural economic activity, as well as the improvement in the economic situation in a given area, e.g. in the commune, and implies many positive phenomena in the form of multiplier effects in the economy. On the other hand, the decrease in the number of registered business entities indicates a deterioration of the general atmosphere for entrepreneurship and may even mean closing a given area, e.g. municipalities for investments and development of non-agricultural business activity (Zarębski, 2015; Brodziński, Brodzińska, 2016). For the use of the research, the article combined and uses an original indicator of residents' activity in the development of non-agricultural economic activity in a given local government unit (commune) against the background of the country and other local government units (municipalities). The construction of this indicator consists in the fact that the number of business entities per 1000 population of working age in the previous year (i.e. 2020) in the country was added to the number of business entities newly registered per 1000 population of working age in the surveyed year (i.e. 2021) in the country. Then their sum was adopted as a value of 1.0 for the country and the advantage or underweight of this sum was assessed in all rural communes in Poland compared to the country. Subsequently, from such a number, both for the country (i.e. 1.0) and for all rural communes in Poland, % of economic entities deregistered in the surveyed year (i.e. 2021) were subtracted. It should be added that for the value of the indicator of up to 0.50 it was assumed that the activity of

residents in the development of non-agricultural economic activity is poor, for the value of 0.51-0.75, that this activity is moderate, and for 0.76 and more, for 0.76 and more, that it is high. Taking into account the above assumptions, all rural municipalities in Poland were divided into three groups, depending on the activity of their inhabitants in the development of non-agricultural economic activity. It should be emphasised that this is a new approach to the research problem taken in the article.

In turn, for the identification and evaluation of the financial situation of rural communes in Poland, the following diagnostic characteristics that illustrate it in 2019-2021 were analysed:

- total income of municipal budgets per capita (PLN),
- own income of municipal budgets per capita (PLN),
- share of own income in total income of municipal budgets (%),
- total expenditures of municipal budgets per capita (PLN),
- investment expenditures of municipal budgets per capita (PLN),
- share of investment expenses in total expenses of municipal budgets (%).

Additionally, the article has a point assessment of all diagnostic characteristics that illustrates the financial situation of rural communes in Poland in the background of the whole country for the years 2019-2021. Individual diagnostic characteristics were compared with the average for the country, which was adopted as 100 points, and their advantage or underweight in all rural municipalities were properly assessed. Then, all points were summarised and the average (Figure 1).

### 3. Results

Analysing the economic activity of the inhabitants of rural communes in Poland in the field of undertaking and developing non-agricultural economic activity, it should be noted that the percentage of municipalities characterised by moderate activity of residents in this respect (55.4%) is clearly the largest. In turn, the smaller percentage consists of rural municipalities, in which the activity of residents in the field of undertaking and developing non-agricultural economic activity is high (23.4%) and those where this activity is poor (21.2%) (Table 1).

In rural municipalities in Poland, the average total value of municipalities the budgets of per capita in 2019-2021 is lower as average in the country, where it is PLN 6,555.3. However, there is a differentiation between rural communes in this regard. The average value of total revenues of the budgets of rural communes per capita in 2019-2021 is clearly the highest in a group of municipalities with high activity of residents in the development of non-agricultural economic activity, where it exceeds the average for all rural communes. However, it is the lowest in a group of rural communes with poor activity of residents in the development of non-agricultural economic activity. In all separated groups of rural communes, the diversity of this



feature between individual municipalities is small, so its variability is low, while it is the smallest in a group of municipalities with the poor activity of residents in the field of development of non-agricultural economic activity, i.e. this group of municipalities is the most homogeneous in this respect (Table 1).

**Table 1.**

*Total income of per capita rural municipal budgets in Poland in 2019-2021 (in PLN)*

Specification	Rural municipalities			
	Total	According to the value of the residents' activity indicator in the development of non-agricultural business activity		
		less than 0,50	0,51-0,75	0,76 and more
Number of municipalities	1523	323	844	356
Mean	5.981,4	5.782,8	5.889,4	6.380,0
Variability V (%)	21,7	13,7	24,9	18,4
Minimum	4.322,2	4.322,2	4.538,7	4.669,5
Maximum	43.632,4	11.433,0	43.632,4	14.273,7

Source: Central Statistical Office in Warsaw.

Rural communes in Poland are characterised by a clearly lower average value of the budgets of per capita communes in 2019-2021, compared to the average for the whole country, which is PLN 3,198.5. It should be noted, however, that there is a differentiation in this regard between rural communes. The average value of the budgets of the rural communes per capita in 2019-2021 is definitely the highest in a group of municipalities with high activity of residents in the field of non-agricultural economic activity, where it exceeds the average for all rural communes. However, it is the lowest in a group of rural communes with poor activity of residents in the development of non-agricultural economic activity. In all separate groups of rural communes, the diversity of this characteristic between individual municipalities is in turn large, i.e., its variability is also high, except that it is the greatest in a group of rural communes with moderate activity of residents in the field of development of non-agricultural economic activity, i.e., this group of communes is the most diverse in this respect (Table 2).

**Table 2.**

*Own revenues of the budgets of rural municipalities per capita in Poland in 2019-2021 (in PLN)*

Specification	Rural municipalities			
	Total	According to the value of the residents' activity indicator in the development of non-agricultural business activity-		
		Less than 0,50	0,51-0,75	0,76 and more
Mean	2.159,0	1.742,7	2.023,2	2.858,5
Variability V (%)	62,7	46,3	71,8	43,9
Minimum	788,5	897,9	788,5	1.097,5
Maximum	39.046,3	7.977,1	39.046,3	11.710,6

Source: Central Statistical Office in Warsaw.

On average, the share of the own income in the total income of the budgets of rural communes in Poland in 2019-2021 is definitely lower than the average in the country, where it is 48.8%. However, there is a differentiation between rural communes in this regard.

On average, the share of own income in the total income of the budgets of rural communes in 2019-2021 is clearly the highest in a group of municipalities with high activity of residents in the field of non-agricultural economic activity, where it exceeds the average for all rural communes. However, it is the lowest in a group of rural communes with poor activity of residents in the development of non-agricultural economic activity. In all separate groups of rural communes, the diversity of this characteristic between individual municipalities is rather small and similar, so its variability is low (Table 3).

**Table 3.**

*The share of its own income in the total income of the budgets of rural municipalities in Poland in 2019-2021 (in %)*

Specification	Rural municipalities			
	Total	According to the value of the residents' activity indicator in the development of non-agricultural business activity		
		Less than 0,50	0,51-0,75	0,76 and more
Mean	35,2	29,6	33,7	43,7
Variability V (%)	30,3	29,2	26,3	25,7
Minimum	15,4	15,8	15,4	18,7
Maximum	89,5	69,9	89,5	82,0

Source: Central Statistical Office in Warsaw.

In rural municipalities in Poland, the average value of expenditure in total municipal budgets per capita in 2019-2021 is lower than the average for the country, which is PLN 6,445.4. However, there is a differentiation between rural communes in this regard. The average value of expenditure in total budgets of rural communes per capita in 2019-2021 is definitely the highest in a group of municipalities with high activity of residents in the field of non-agricultural economic activity, where it exceeds the average for all rural communes. In turn, it is the lowest in a group of rural communes with the poor activity of residents in the development of non-agricultural economic activity. In all separate groups of rural communes, the diversity of this feature between individual municipalities is small, so its variability is low, with the smallest it in a group of municipalities with poor activity in residents in the field of development of non-agricultural economic activity, i.e. this group of municipalities is the most homogeneous for in this respect (Table 4).

**Table 4.**

*Total expenditure of rural municipalities' budgets per capita in Poland in 2019-2021 (in PLN)*

Specification	Rural municipalities			
	Total	According to the value of the residents' activity indicator in the development of non-agricultural business activity		
		Less than 0,50	0,51-0,75	0,76 and more
Mean	5.671,0	5.417,8	5.590,1	6.092,7
Variability V (%)	23,2	15,3	26,6	18,8
Minimum	3.882,0	3.882,0	4.114,6	4.337,9
Maximum	43.601,4	11.721,8	43.601,4	12.833,7

Source: Central Statistical Office in Warsaw.

**Table 5.**

*Investment expenditure in rural municipalities' budgets per capita in Poland in 2019-2021 (in PLN)*

Specification	Rural municipalities			
	Total	According to the value of the residents' activity indicator in the development of non-agricultural business activity		
		Less than 0,50	0,51-0,75	0,76 and more
Mean	917,2	858,5	874,0	1.072,9
Variability V (%)	62,6	57,9	68,6	51,2
Minimum	48,7	166,6	93,9	48,7
Maximum	12.556,8	3.735,0	12.556,8	3.848,9

Source: Central Statistical Office in Warsaw.

Rural municipalities in Poland are characterized by similar to the country (PLN 941.0), the average value of investment expenditure of the budgets of municipalities per capita in 2019-2021. However, there is a difference in this regard between rural communes. The average value of investment expenditure of budgets of rural communes per capita in 2019-2021 is clearly the highest in a group of municipalities with high activity of residents in the field of non-agricultural economic activity, where it exceeds the average for all rural communes and for the whole country. On the other hand, lower and similar in the other two separate groups of rural communes, depending on the activity of their inhabitants in the field of development of non-agricultural economic activity. In all separate groups of rural communes, the diversity of this feature between individual municipalities is in turn large, i.e., its variability is also high, except that it is the smallest in a group of municipalities with high activity of residents in the field of development of non-agricultural economic activity, i.e., this group of municipalities is the most homogeneous in this respect (Table 5).

**Table 6.**

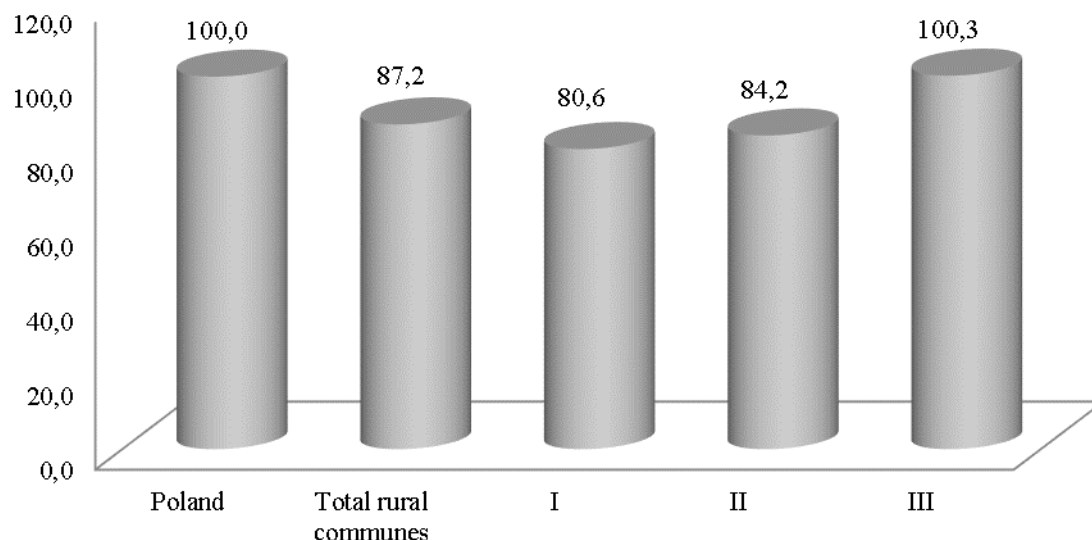
*The share of investment expenditure in total expenditure of rural municipal budgets in Poland in 2019-2021 (in %)*

Specification	Rural municipalities			
	Total	According to the value of the residents' activity indicator in the development of non-agricultural business activity		
		Less than 0,50	0,51-0,75	0,76 and more
Mean	15,6	15,3	15,1	17,0
Variability V (%)	40,6	44,1	40,3	37,1
Minimum	1,1	3,4	2,0	1,1
Maximum	41,3	38,6	40,6	41,3

Source: Central Statistical Office in Warsaw.

On average, the share of investment expenditure in total expenditure of the budgets of rural communes in Poland in 2019-2021 is similar to the average for the whole country, where it is 14.6%. There are also no major differences in this regard between separate groups of rural communes, with a slightly higher share of investment expenditure in the total budgets of municipalities, a group of municipalities with high activity of residents in the field of development of non-agricultural economic activity, where it exceeds the average for all rural communes. Furthermore, in all separate groups of rural communes, the diversity of this

characteristic between individual municipalities is quite large and similar, that is, its variability is average (Table 6).



Explanations: I - rural communes, in which the value of the residents' activity indicator in the development of non-agricultural economic activity is below 0.51; II - rural communes, in which the value of the residents' activity indicator in the development of non-agricultural economic activity is from 0.51 to 0.75; III - rural municipalities, in which the value of residents' activity indicator in the development of non-agricultural economic activity is 0.76 and more.

**Figure 1.** Point assessment of the financial situation of rural communes in Poland against the background of the country for the years 2019-2021 (Poland = 100.0 points).

Source: Own study.

Figure 1 presents the results of a point assessment of the financial situation of rural communes in Poland in the context of the whole country for the years 2019-2021. It should be noted that rural municipalities in Poland have an average worse financial situation, compared to the average for the whole country. However, there is quite a large variety in this respect between separate groups of rural communes, depending on the activity of their inhabitants in the field of development of non-agricultural economic activity. The financial situation is definitely the best and comparable to the average for the whole country, in a group of municipalities with high activity of residents in the field of non-agricultural economic activity. In turn, it is the worst in a group of rural municipalities with the poor activity of residents in the development of non-agricultural economic activity. However, in a group of rural communes with moderate activity of residents in the field of development of non-agricultural economic activity, the financial situation is most similar to the average for all rural communes in Poland. All this confirms the research hypothesis presented in the article.

#### 4. Summary and conclusions

The undertaking and conducting of non-agricultural business is the domain of creative and brave people, focused on the desire to achieve the goals and tasks they assumed, and as a consequence of these positive economic effects, especially in the form of profit. This is, of course, also a real manifestation of entrepreneurial attitude, including the ability to use market opportunities and opportunities.

The development of non-agricultural economic activity is particularly important in rural areas, because because of this they become more attractive, richer, and varied and also perform many important functions, both from the point of view of the economy and society. Therefore, this process is supported on the one hand by local authorities and, on the other hand, brings them measurable economic benefits in the form of the influence of financial resources on the budget.

Analysis of statistical data has shown that rural municipalities in Poland have a worse financial situation, compared to the average for the whole country. However, they vary in terms of many diagnostic features illustrating their financial situation, depending on the activity of residents in the development of non-agricultural economic activity. In the case of most comparisons, a group of municipalities with high activity of residents in the field of non-agricultural economic activity, and the worst group of municipalities with poor activity of residents in this respect is the best. Furthermore, this was also confirmed by a point assessment of the financial situation of the local government units against the background of the country.

Therefore, this allows confirmation of the research hypothesis, which assumes that the financial situation of rural communes in Poland is related to the activity of their inhabitants in undertaking and developing non-agricultural economic activity, with it clearly being the best in units with high activity of residents in this area.

It should be added that the presented results of statistical data analysis provide significant and current knowledge, which can be useful primarily for local government officials responsible for public local government finances, as well as for conditions and possibilities and directions of local socio-economic development of rural communes in Poland. At the same time, this justifies the need to continue similar research and analyses.

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