UKR Journal of Economics, Business and Management (UKRJEBM)

Homepage: https://ukrpublisher.com/ukrjebm/
Email: submit.ukrpublisher@gmail.com

Volume 2, Issue 9, 2026

ISSN: 3049-429X (Online)

Monastic Governance and Transaction Costs: The Institutional Resilience of Żagań Abbey, 1284–1525

Zbigniew Witczak

Faculty of Economics, University of Opole, Opole, Poland. *ORCID: 0000-0002-8290-3259*

***Corresponding Author**: Zbigniew Witczak

DOI: *https://doi.org/10.5281/zenodo.22284086*

Article History

Original Research Article

Received: 01-07-2026

Accepted: 05-08-2026

Published: 03-09-2026

Citation: Zbigniew Witczak. (2026). Monastic governance and transaction costs: The institutional resilience of Żagań Abbey, 1284–1525. UKR Journal of Economics, Business and Management, 2(9), 52-60.

Abstract

This article examines the medieval abbey of the Canons Regular in Żagań as a mission-bound economic institution rather than as a profit-maximizing firm. It asks how the abbey's institutional arrangements structured the abbot's authority, reduced transaction and agency costs, protected property rights, and supported organizational continuity between the community's relocation to Żagań in 1284 and the crisis associated with Abbot Paul II's resignation in 1525. The study applies a qualitative historical-institutional analysis to a monastic chronicle, statutes and customary regulations, property records, charters, and rent registers, interpreted alongside research on the economic history of Silesian monasteries. The findings show that economic governance depended on complementary mechanisms: collective deliberation in the conventual chapter, specialization through a differentiated system of offices, periodic reporting and sanctions, documentary preservation of rights, flexible use of direct management and leasing, and diversification across rural and urban revenues. The abbot was the central strategic actor and external representative of the community, but his discretion was constrained by rules, oaths, consultation, and reputational expectations. Papal, episcopal, and ducal confirmations strengthened enforcement, while simultaneously exposing the abbey to political dependence and expropriation risk. The case demonstrates that institutional durability resulted neither from formal rules alone nor from exceptional leadership alone, but from their interaction. It also shows the value of institutional economics for explaining how premodern, non-profit organizations governed complex asset portfolios and preserved a long-time horizon under conditions of weak and fragmented public enforcement.

Keywords: *institutional economics, transaction costs, monastic economy, governance, Canons Regular, Żagań.*

1. Introduction

Medieval monasteries were religious communities, but they were also durable property holding organizations. They owned land and urban real estate, collected rents and tithes, operated or leased productive assets, employed lay labor, maintained buildings and hydraulic infrastructure, and entered into repeated transactions with rulers, townspeople, peasants, clergy, and other corporate bodies. Their economic activity was not an incidental departure from a spiritual purpose. It provided the material basis for worship, pastoral care, education, hospitality, charity, and the reproduction of the community across generations. A monastery therefore offers an unusually revealing historical case for studying how a mission-oriented organization governed resources without individual owners, transferable shares, or profit distribution.

Institutional economics provides a useful vocabulary for this problem. Institutions establish durable rules and expectations, reduce uncertainty, structure incentives, and shape the costs of exchange and enforcement (North, 1990; Hodgson, 2006). From this perspective, the relevant question is not whether a monastery resembled a modern company in every respect, but how its rules, offices, records, sanctions, and external relationships made coordinated economic action possible. Economic interpretations of the medieval Church have sometimes gone further, treating it as a multidivisional firm and monasteries as its operating units (Ekelund et al., 1996). That analogy directs attention to hierarchy, delegation, and control, but it can obscure the legal diversity of medieval ecclesiastical institutions, the relative autonomy of individual communities, and the primacy of religious objectives. The present study therefore uses the firm analogy only as a heuristic and treats the abbey primarily as a corporate, mission-bound institution.

The empirical case is the abbey of the Canons Regular of St Augustine in Żagań, a town in medieval Silesia. Existing scholarship has reconstructed the abbey's endowment, landed possessions, rent economy, mills, water management, and relations with its social and political environment (Pobóg-Lenartowicz, 1994; Witczak, 2023a, 2024a, 2024b). It has also shown that the chroniclers evaluated abbots not only according to religious discipline but also according to their ability to protect property, manage debt, undertake investment, and preserve the community's material security. Much of this research, however, remains organized by categories of assets or by the biographies of individual abbots. The institutional mechanisms that connected rules, offices, leadership, property rights, and risk management have not yet been analyzed as one governance system.

This article addresses the following research question: How did the institutional arrangements of Żagań Abbey structure the abbot's authority and economic choices, and how did they mitigate transaction, agency, and continuity risks between 1284 and 1525? It argues that the abbey's economic durability depended on institutional complementarity. Conventual rules and collective deliberation constrained managerial discretion, specialized offices enabled delegation, reporting and sanctions reduced agency problems, charters, registers, and chronicle writing preserved organizational memory, and a mixed portfolio of assets and governance modes dispersed risk. At the same time, these internal mechanisms required external validation by popes, bishops, and rulers. The same political relationships that reinforced property rights could also expose the abbey to taxation, confiscation, violence, and costly litigation.

The study contributes to economic and management history in three ways. First, it shifts attention from the amount of monastic property to the governance arrangements used to manage it. Second, it distinguishes the monastery from a profit-maximizing firm while showing that the concepts of transaction costs, agency, non-distribution, and collective governance are useful for analysis. Third, it shows that personal leadership and formal institutions complemented rather than replaced each other. Rules stabilized the organization, but their operation still depended on the abbot's competence, reputation, and strategic judgment.

2. Theoretical Framework

2.1 Institutions, governance, and transaction costs

North (1990) defines institutions as the formal and informal constraints that shape human interaction. Formal institutions include written rules, procedures, offices, and recognized rights, while informal institutions include, among other things, norms, conventions, moral expectations, and reputational sanctions. Hodgson (2006) likewise emphasizes the durability of social rules and their place in a wider context. This distinction is especially useful for the study of a monastery. The Rule of St Augustine, local statutes, customary regulations, privileges, contracts, and chapter procedures formed a written framework. Obedience, poverty, seniority, piety, reputation, and the idea of the common good formed informal constraints. These elements cannot be separated from the abbey's economic activity because they determined who could make decisions, how resources could be used, and what conduct was considered legitimate.

Williamson (1985, 2000) distinguishes the broader institutional environment from the governance structures through which particular transactions are organized. Transaction-cost economics asks why actors choose one governance mode rather than another under conditions of bounded rationality, opportunism, uncertainty, frequency, and asset specificity. Coase's (1937) initial insight was that coordination through an organization can be less costly than repeated reliance on market exchange. Applied cautiously to Żagań, this approach draws attention to choices between direct administration and leasing, the cost of supervising dispersed estates, investment in specific assets such as mills and ponds, the purchase of rent rights, and the use of documentary and relational safeguards.

The framework does not assume that medieval actors calculated transaction costs using modern terms. Instead, it asks whether repeated practices lowered the costs of information, monitoring, negotiation, enforcement, and adaptation. For example, a rent register reduced uncertainty about who owed what. Leasing a grange transferred part of the operating risk to the tenant. A papal confirmation increased the expected cost of challenging the abbey's legal title, while the consolidation of holdings could reduce travel and supervision costs. These effects can be identified even when the sources do not present an explicit economic calculation.

2.2 Agency, common ownership, and mission

Delegation created agency problems. The abbot acted for the convent, while priors, provosts, procurators, cellarers, lay brothers, village officials, and tenants acted for the abbey in particular domains. Their information was often superior to that of the superior who appointed or supervised them. Agency theory highlights the resulting costs of monitoring, bonding, and residual divergence between the interests of a principal and an agent (Jensen & Meckling, 1976). The model must nevertheless be adapted to a monastery. The convent was not a body of shareholders seeking a distributable return, and the abbot was simultaneously a spiritual superior, administrator, representative, and member of the community.

The monastic prohibition on private property resembles, at a functional level, the non-distribution constraint used to explain the governance of modern non-profit organizations (Hansmann, 1980). Surpluses were normatively assigned to the maintenance and mission of the community, not to the personal enrichment of members. This did not eliminate opportunism. Monastic sources repeatedly condemn private money, excessive consumption, favoritism, negligent administration, and the misuse of common assets. The constraint therefore required monitoring, discipline, and credible commitment. Its relevance lies not in identifying a medieval abbey with a modern non-profit corporation, but in showing how restrictions on private appropriation could strengthen donor trust while creating a continuing need to supervise those controlling resources.

The convent also governed resources collectively. Ostrom's (1990) work on long-enduring self-governance is not directly transferable to corporate ecclesiastical property, yet her emphasis on clear rules, participation in rule-making, monitoring, graduated sanctions, and nested authority offers useful comparative criteria. At Żagań, the chapter, office structure, annual review of subordinate administrators, and system of penalties formed a rule-bound arrangement for managing common institutional resources. Greif's (2006) historical institutional analysis further suggests that rules become effective through mutually reinforcing beliefs, organizations, and enforcement mechanisms. In the Żagań case, written statutes, religious norms, collective memory, and external ecclesiastical authority worked together. None was sufficient alone.

2.3 Analytical expectations

The theoretical framework generates four analytical expectations. First, if monastic institutions reduced agency costs, the sources should reveal stable allocations of responsibility, recurrent reporting, consultation, and sanctions. Second, if transaction costs shaped asset governance, the abbey should vary its use of direct administration, leasing, rent purchase, and divestment according to the monitoring and investment demands of particular assets. Third, if property rights depended on institutional enforcement, records and confirmations should be central to both routine administration and dispute resolution. Fourth, if the abbey pursued organizational continuity rather than short-term profit, economic decisions should balance income, liquidity, risk, religious obligations, and the long-term preservation of the community.

3. Materials and Methods

The study uses a qualitative historical-institutional case-study design. Żagań is suitable because the abbey combined a relatively extensive and diversified economic base with an unusually informative body of narrative, normative, diplomatic, and administrative sources. The chronological frame begins in 1284, when the community was relocated from Nowogród Bobrzański to Żagań and a new organizational setting was established, and ends in 1525 with the resignation of Abbot Paul II. The latter event marks the beginning of a profound religious and organizational crisis associated with the early Reformation and a changed political-economic environment (Witczak, 2019, 2023b).

The principal narrative source is the Catalogus abbatum Saganensium, written and continued by senior members of the convent, including Abbot Ludolf of Einbeck and Prior Peter Weynknecht (Catalogus abbatum Saganensium, 1835). The chronicle records reforms, property transactions, debts, conflicts, investment, disasters, and evaluations of successive abbots. It is especially valuable for reconstructing the criteria by which the community understood good governance. It is also partisan. The narrative defends the abbey's position in conflicts, organizes memory around exemplary and blameworthy conduct, and cannot be treated as a neutral record of performance.

Normative evidence comes from the manuscript Consuetudines, caeremoniae et ordinationes of the Żagań community, which regulated the chapter, offices, discipline, reporting, and daily organization (Consuetudines, n.d.). Administrative and property evidence includes charters and their nineteenth-century repertory (State Archives in Wrocław, Rep. 116), a copy of Abbot Ludolf's early fifteenth-century register (Archdiocesan Archives in Wrocław, V 4a), and other records used to reconstruct the abbey's endowment and revenues (Heinrich, 1881; Witczak, 2023a). The analysis also includes specialized studies of the abbey's mills and water economy (Witczak, 2024a, 2024b) and, where useful, comparisons with the Canons Regular in Wrocław (Pobóg-Lenartowicz, 1994, 1999).

The sources were analyzed in four stages. First, the actors, decision rights, and accountability relationships were reconstructed. Second, formal and informal mechanisms of monitoring, enforcement, and sanctions were identified. Third, repeated economic decisions were classified by form of governance: direct management, delegation to an officeholder, leasing, purchase of rents, acquisition, sale, and recourse to external enforcement. Fourth, periods of crisis were compared with periods of reform to assess how rules and leadership interacted. Calculations of nominal rates of return help explain the economic structure of documented transactions.

4. Historical and Economic Context of Żagań Abbey

The community grew out of a foundation established at Nowogród Bobrzański before 1219 (Steller, 1968, 1969) and became an independent abbey around 1260–1261. Its relocation to Żagań in 1284 placed the canons in the capital of a Silesian duchy and in a denser urban, political, and pastoral setting. The move was approved through the combined decisions of the duke, the bishop, and the congregation. It offered better material and organizational conditions, but it also brought the abbey into more frequent contact with rulers and townspeople (Witczak, 2019, 2023a).

The abbey's economic base was mixed. Rural assets included villages, arable land, granges, tithes, rents, labor services, forests, meadows, mills, ponds, and rights connected with village offices. Urban income came from gardens, houses, market stalls, butcher and bread benches, customs duties, baths, and other rent-bearing rights. The Hospital of the Holy Spirit was placed under the canons' spiritual care after the relocation and also under their temporal administration in 1303 (Rep. 116, nos. 35–36; Catalogus abbatum Saganensium, p. 182). It was a dependent but economically separate institution with its own property and income. The canons also held parishes and provostries outside Żagań. This diversity provided food, labor, and cash income, but it created major demands for information, supervision, legal protection, and coordination (Witczak, 2023a, 2024a, 2024b).

The abbey operated in an environment of fragmented jurisdiction. Dukes issued and confirmed privileges, but could also impose extraordinary burdens, confiscate property, support competing claims, or use violence. Bishops and popes validated ecclesiastical rights and supplied appeal mechanisms. Town councils, knights, village officials, tenants, and neighboring institutions were repeat partners and potential adversaries. War, epidemics, floods, fires, harvest failure, and price changes added exogenous uncertainty. Institutional design at Żagań must therefore be understood as a response to both the internal complexity of the organization and the weakness of uniform external enforcement (Catalogus abbatum Saganensium, 1835; Witczak, 2023a).

5. Results and Discussion

5.1 Rule-based governance and the limited authority of the abbot

The abbot stood at the center of the governance system. He represented the community externally, appointed or supervised officials, directed reform, approved major transactions, protected privileges, and carried ultimate responsibility for both spiritual and material affairs. This concentration of authority did not amount to unconstrained personal rule. The Rule, local customs, statutes, chapter procedures, and expectations recorded in the chronicle defined legitimate action. In institutional terms, the abbacy combined centralized strategic authority with collective and normative checks.

The conventual chapter was the main internal forum. The brothers met under the leadership of the abbot or prior, heard matters concerning the community, discussed correspondence, considered breaches of discipline, and dealt with organizational and economic questions (Consuetudines, ch. 8). This arrangement was not democratic in the modern sense because the abbot kept the leading position. It still brought together information from many offices, made important decisions visible to the community, and increased the reputational consequences of arbitrary action. Consultation was therefore both a religious norm and an information mechanism.

The clearest example of a credible internal constraint followed the suicide of Abbot Augustine Franche in 1450. Under his successor, Simon Arnoldi, the convent drew on the statutes of Wrocław and other communities to codify rules intended to restore order and reputation. The chapter accepted the provisions unanimously and required future abbots to promise publicly that they would observe them before assuming government. Simon was the first to make the commitment, and the chronicler praised his compliance (Catalogus abbatum Saganensium, 1835, pp. 322–323). The oath converted a general expectation of good government into a visible, repeatable condition of office. It reduced uncertainty at succession and made later departures easier to identify and condemn.

Religious poverty and common ownership supplied another constraint. Goods belonged to the institution, while individual canons were forbidden to treat income or property as personal. Abbot John II Pigwis reinforced this principle by suppressing private money among the brothers and reorganizing provision through designated offices. Such reforms addressed more than morality. Private appropriation fragmented control over resources and weakened the ability of the convent to budget, redistribute, and monitor. By recentralizing resources while assigning their administration to accountable officials, reform strengthened the abbey's non-distribution rule and its capacity for coordinated action (Catalogus abbatum Saganensium, 1835; Witczak, 2023a). The system can be summarized as a set of mutually reinforcing governance mechanisms.

Table 1. *Institutional mechanisms of economic governance at Żagań Abbey*

Institutional problem	**Mechanism observed at Żagań**	**Economic function**
Risk of personal appropriation	Common ownership, prohibition of private money, moral and disciplinary sanctions	Preserved resources for the collective mission and supported donor trust
Information asymmetry and delegation	Specialized offices, chapter deliberation, annual reports, removal of negligent officials	Enabled specialization while lowering monitoring and agency costs
Uncertain property rights	Charters, registers, cartularies, chronicle, repeated confirmations	Preserved organizational memory and strengthened claims in disputes
Costly supervision of heterogeneous assets	Combination of direct management, leasing, rent purchase, and divestment	Matched control intensity to information, capital, and risk requirements
Income and environmental volatility	Rural-urban diversification, mixed money and in-kind revenues, reserves	Improved liquidity and reduced dependence on a single source of subsistence
Fragmented external enforcement	Negotiation and validation by dukes, bishops, popes, towns, and courts	Increased enforceability, but generated political dependence and exposure

Source: Author's analysis based on Catalogus abbatum Saganensium (1835), Consuetudines (n.d.), Heinrich (1881), and Witczak (2023a, 2024a, 2024b).

5.2 Delegation, monitoring, and managerial succession

The economic scale and dispersion of the abbey's property made sole administration by the abbot impossible. Authority was divided among the prior, subprior, provosts, procurators, dispensers, vestiarian, cellarers, kitchen officials, custodians, infirmary officers, and other officeholders. Their duties covered dependent houses, food, clothing and fuel supplies, liturgical equipment, granges, ponds, buildings, and the distribution of specific funds. This division reduced the superior's cognitive and logistical burden and allowed local knowledge to be used where it had the greatest value (Consuetudines).

Delegation was accompanied by monitoring. At the annual chapter, the superiors of dependent houses symbolically returned their keys to the abbot and reported on their office. The keys represented delegated control over a defined area, and their return clearly showed that this authority could be withdrawn. An administrator who neglected property or failed to perform his duties could be warned or removed (Consuetudines, ch. 69). The procedure combined ex ante definition of a role with ex post review. It also limited the development of quasi-hereditary or permanently autonomous control over dependent assets.

Monitoring was not limited to ordained canons. Lay brothers could receive substantial managerial responsibility when they possessed appropriate competence. The chronicle's favorable portrait of Nicholas Grabow, who spent decades administering monastic property, emphasizes his ability to direct peasants, deter thieves, and maintain the respect of princes and townspeople (Catalogus abbatum Saganensium, 1835, p. 236). His case shows that the abbey recognized practical expertise and relational competence as organizational assets. Status within the religious hierarchy did not entirely determine the allocation of economic tasks.

The internal career system also reduced selection uncertainty. A reconstruction of the twenty-three abbots governing Żagań between 1284 and 1525 indicates that eight, approximately 35%, had previously served as priors. Others had served as provosts, subpriors, vestiarian, or in comparable offices (Catalogus abbatum Saganensium, 1835; Witczak, 2023a). Prior service allowed the community to observe a candidate's reliability, administrative judgment, relations with the brothers, and ability to handle delegated resources before entrusting him with the abbacy. It simultaneously allowed the candidate to acquire organization-specific knowledge. The pattern resembles an internal managerial labor market in which reputation and demonstrated performance partly substitute for incomplete biographical information.

This system did not eliminate faction, procedural irregularity, or poor appointments. Elections could be contested, influenced from outside, or accepted despite doubtful voting procedures because reopening the process threatened delay, expense, and reputational damage. Yet even such failures reveal the institutional problem being managed. Election rules, scrutiny, compromise, external confirmation, and prior officeholding were mechanisms for producing an acceptable mandate in a community whose superior controlled both spiritual discipline and valuable assets.

5.3 Documentation, property rights, and enforcement costs

Property rights were secure only to the extent that the abbey could prove and enforce them. The community therefore invested in charters, copies, registers, inventories, and narrative memory. Abbot Ludolf's rent register collected information about villages, plots, obligations, and expected income. The copy book containing charters preserved legal titles and transactions. The Catalogus recorded how property was acquired, damaged, recovered, or transferred. These sources belonged to different genres and served different audiences, but together they formed an information infrastructure.

The documentary system had three economic functions. First, it reduced the loss of internal information when the abbot changed. The abbey was meant to outlive every abbot, tenant, and donor. Written records carried knowledge beyond individual memory. Second, documents lowered the cost of routine collection by defining obligations. Third, they provided evidence in disputes and supported requests for confirmation. Chronicle writing was therefore not only commemorative. By placing transactions within an authorized institutional narrative, it helped to support the abbey's current claims and its interpretation of past events.

The surviving fifteenth-century rent register also shows the limits of written rights. Ludolf complained that rents were low and often difficult to collect (Heinrich, 1881). Obligations fixed in nominal terms could lose real value, while poverty, resistance, or unclear responsibility reduced actual receipts. In some villages, the abbot postponed payment dates or released peasants from particular in-kind duties when they could not meet them (Catalogus abbatum Saganensium, 1835, pp. 178–179). These concessions do not have to be seen as administrative weakness. They could protect the productive capacity of tenants and the long-term revenue base, especially when strict enforcement would lead to abandonment, insolvency, or higher collection costs. This practice resembles relational contracting. Formal claims remained in force, but the performance of obligations was adapted to local conditions.

Disputes demonstrate how large enforcement costs could become. The early sixteenth-century conflict over the parish of Kwielice required representation in Rome, a loan of 100 guilders when the abbey lacked liquidity, payment of penalties, repeated legal acts, and continuing efforts to secure papal protection. Even an apparent settlement for 80 marks did not immediately end competing claims. The episode exposes the travel, credit, information, and legal costs hidden behind a nominal property right. It also explains why papal confirmations listed the abbey's possessions and liberties in extensive detail, external validation was costly, but the expected loss from an undefended title could be greater (Witczak, 2023a).

Documentation consequently operated as a complement to, not a substitute for, relationships and enforcement. A charter without an authority willing to recognize it was fragile, a favorable relationship without documentary title was equally unstable. The abbey's property regime depended on the interaction of archives, courts, ecclesiastical sanctions, political patronage, and repeated negotiation.

5.4 Asset governance, diversification, and risk allocation

Żagań Abbey did not apply one governance mode to all assets. It combined direct administration with leases, fixed rents, shares in output, and delegated management by dependent officials (Witczak, 2023a). This variety is consistent with transaction-cost reasoning. Direct control offered better access to produce and closer command over strategically important assets, but required labor, working capital, information, and supervision. Leasing reduced the administrative burden and shifted part of production risk to the tenant but created monitoring and enforcement problems of its own.

The late medieval grange economy shows this mixed approach. Some granges were managed directly to supply the convent, while others were leased for money, payments in kind, or a share of the harvest. This arrangement gave the abbey access to food and also created predictable claims that required less day-to-day involvement. The balance could be adjusted to demographic, financial, and staffing conditions. It was therefore not simply a choice between a 'modern' and a 'traditional' form of agriculture, but a portfolio of governance forms (Witczak, 2023a).

Mills and ponds involved more specific investment. Watermills required suitable sites, construction, skilled operation, water rights, and maintenance. Ponds and hydraulic works similarly demanded capital and coordination. The abbey acquired mills through purchase, donation, construction, settlement, and the purchase of rent rights. It defended restrictions on competing mills and sometimes leased facilities rather than operating them directly. These practices protected the return on sunk investment while allowing the community to choose between operational control and contractual income (Witczak, 2024a, 2024b).

The restructuring of geographically dispersed property is even more revealing. Under Ludolf, the distant provostry of Warzyn was sold. Part of the capital remained available to later abbots. In 1439, Abbot Henry Stislav used 336 marks to acquire an annual rent of 28 marks. In 1440, 100 marks purchased another annual income of 10 marks. These transactions produced nominal annual rates of return of about 8.3% and 10%, before collection costs and default risk. The sources do not state a transaction-cost explanation directly, so caution is necessary. Even so, replacing a distant dependent house with rent-bearing rights could reduce travel, staffing, and monitoring costs while improving liquidity and predictability of income. The gradual acquisition of neighboring holdings in Kwielice also suggests that the value of property depended not only on its nominal size but also on its location in relation to existing administrative capacity (Witczak, 2023a).

Diversification occurred across both asset types and payment forms. Rural production supplied grain, livestock, fish, timber, and labor. Urban property and rights supplied cash. Rents could be payable in money, natural produce, or services. This heterogeneity complicated record-keeping, but it reduced dependence on a single market or harvest. Cash income financed taxes, litigation, skilled labor, books, liturgical equipment, and investments that could not be paid in kind, subsistence production reduced exposure to food markets. Reserves accumulated by prudent abbots provided further capacity to respond to shocks or exploit acquisition opportunities.

The resulting strategy should not be idealized as a fully designed portfolio in the modern sense. It emerged incrementally from donations, purchases, exchanges, privileges, and crisis responses. Institutional economics is useful precisely because it can explain order without assuming a single comprehensive plan. Repeated decisions, constrained by inherited property and existing rules, produced a path-dependent but adaptable structure.

5.5 External governance and political dependence

The abbey's internal governance operated within a network of external authorities. Dukes, bishops, popes, the general chapter of the congregation, town councils, and courts could validate decisions, confirm rights, mediate disputes, or discipline actors. These relationships acted as enforcement complements in an environment without a single, uniformly effective public authority. They also constituted relational capital. An abbot able to negotiate with rulers, clergy, knights, and townspeople could secure confirmations, donations, favorable judgments, debt recovery, or protection.

Political relations were inherently ambivalent. The dukes of Żagań were founders and patrons, but they could also tax the abbey's subjects, confiscate assets, support attacks, or imprison the superior. The same ruler who enforced a right in one dispute could become a source of expropriation risk in another. Conflicts under Dukes John I and John II damaged rural estates, the hospital, and the abbey's finances, forcing the abbots to seek intervention from a bishop or the pope. The personal danger faced by some superiors shows that political transaction costs were not limited to legal expenses (Karczewska, 2025; Witczak, 2020; Catalogus abbatum Saganensium, 1835).

This duality explains the importance of using several institutional safeguards. A ducal confirmation could be reinforced by an episcopal or papal confirmation. Relations with the town could support princely patronage, but they could also work against it. During a conflict, or when a ruler needed money for political activity, the monarch could treat the monastery as a source of quick funds and favor the townspeople over the monastery. Dependent houses could offer refuge when the main abbey became unsafe during conflicts with the dukes.

The contrast with the Canons Regular in Wrocław is instructive. Both communities used similar internal offices, chapter mechanisms, property records, and diversified revenues. Żagań, however, operated in a smaller ducal capital where the ruler's proximity and personal policy exerted a particularly direct effect. Institutional forms could therefore be similar while outcomes diverged because the surrounding enforcement environment differed (Pobóg-Lenartowicz, 1994, 1999).

5.6 Institutional resilience and the role of the abbot

Formal rules did not make the quality of leadership irrelevant. The abbot interpreted priorities, selected officials, determined how strictly obligations were enforced, decided when to borrow or invest, and represented the abbey in high-stakes conflicts. The institutional system bounded his choices, but it could not predetermine them. The evidence therefore supports a model of the abbot as an institutionally constrained steward and entrepreneur.

Abbot John II Pigwis in the fourteenth century provides a positive example. He combined religious reform with financial consolidation. He restricted private property among the brothers, reorganized offices, strengthened discipline, repaid inherited debt, enlarged the property base, and improved the abbey's external position. These actions supported one another. Financial stability made the reforms easier to maintain, while stronger discipline and centralized control reduced the dispersal of resources and strengthened the community's ability to act. The external confirmation and support he obtained increased the credibility of internal change (Catalogus abbatum Saganensium, 1835; Witczak, 2023a).

Simon Arnoldi's statutory reform shows a different form of leadership. By binding himself and his successors to rules accepted by the chapter, he increased the credibility of the office rather than only expanding his personal power. Crises linked to weak, divided, or self-interested abbots, in turn, show the limits of institutional safeguards. The resignation of Paul II in 1525, after his support for Lutheran ideas and during a deepening internal conflict, was a moment when the abbey's religious, organizational, and economic instability came together (Witczak, 2023b).

The survival of the abbey across good and poor administrations nevertheless demonstrates the value of institutional memory and distributed competence. Offices could be refilled, documents outlived officeholders, the chapter preserved procedural continuity, and the collective mission supplied a time horizon longer than an individual's tenure. Resilience was not the absence of crisis. It was the capacity to retain or reconstruct coordinated action after debt, violence, epidemic, natural disaster, or leadership failure.

6. Conclusions

The institutional arrangements of Żagań Abbey shaped economic governance through a combination of hierarchy, collective deliberation, delegation, documentation, diversified asset management, and external confirmation of rights. The abbot remained the main strategic actor, but he governed within a framework of rules, offices, oaths, chapter consultation, and reputational expectations. This framework reduced uncertainty without severely limiting his freedom to make decisions.

Five conclusions follow from the analysis. First, the monastery is best understood as a mission-based corporate institution rather than a profit-maximizing firm. Its economic surplus supported organizational continuity and religious, pastoral, charitable, and cultural aims. Second, agency problems were limited through specialized offices, internal career paths, periodic reporting, revocable delegation, and sanctions. Third, property rights depended on an information infrastructure of charters, registers, copies, and institutional memory, combined with political and ecclesiastical enforcement. Fourth, the abbey matched different forms of governance to different assets and diversified its rural, urban, monetary, and in-kind income. Fifth, external relations both protected and threatened the organization.

Formal institutions and leadership should not be treated as competing explanations. At Żagań, rules became effective through officeholders who interpreted and enforced them, while capable leaders relied on inherited rules, documentation, and collective legitimacy. Durable governance emerged from this complementarity. The most effective abbots did more than accumulate property. They improved the organization's ability to monitor, preserve memory, adapt, and pursue a considered long-term economic policy. They also maintained a suitable level of religious formation and recruited new members to the community, thereby supporting its future continuity.

For management history, the case highlights mechanisms that remain recognizable in mission-driven organizations: non-distribution constraints require active oversight, internal promotion can reduce information asymmetry, diversified income can improve resilience, and documentation is a productive governance asset rather than a passive archive. The comparison must remain historically controlled, but it demonstrates that premodern organizations confronted enduring problems of delegation, accountability, liquidity, investment, and stakeholder dependence.

Comparative studies of other communities of Canons Regular, Cistercian abbeys, and military orders could show which governance mechanisms were specific to an order, which arose from the Silesian political environment, and which were common to long-lived medieval religious corporations. This also opens the way to new questions and a change of perspective in research on monastic economies, with stronger links to economics and statistical tools.

References

1. Catalogus abbatum Saganensium. (1835). In G. A. Stenzel (Ed.), Scriptores rerum Silesiacarum, oder Sammlung schlesischer Geschichtschreiber (Vol. 1, pp. 172–528). Josef Max.
2. Coase, R. H. (1937). The nature of the firm. Economica, 4(16), 386–405. https://doi.org/10.1111/j.1468-0335.1937.tb00002.x
3. Consuetudines, caeremoniae et ordinationes klasztoru w Żaganiu [Customs, ceremonies, and ordinances of Żagań Abbey]. (n.d.). Manuscript IV F 201, Manuscript Department, Wrocław University Library.
4. Ekelund, R. B., Jr., Hébert, R. F., Tollison, R. D., Anderson, G. M., & Davidson, A. B. (1996). Sacred trust: The medieval Church as an economic firm. Oxford University Press.
5. Hansmann, H. (1980). The role of nonprofit enterprise. *The Yale Law Journal*, 89(5), 835–901. https://doi.org/10.2307/796089

6. Heinrich, A. (1881). Das Stift der regulierten Augustiner-Chorherren zu Sagan in Schlesien und sein Besitzstand im fünfzehnten Jahrhundert, nach dem Zinsregister des Abtes Ludolf I. vom Jahre 1417. Königliches Katholisches Gymnasium zu Sagan.

7. Greif, A. (2006). Institutions and the path to the modern economy: Lessons from medieval trade. Cambridge University Press. https://doi.org/10.1017/CBO9780511791307

8. Hodgson, G. M. (2006). What are institutions? *Journal of Economic Issues*, 40(1), 1–25. https://doi.org/10.1080/00213624.2006.11506879

9. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

10. Karczewska, J. (2025). Kontakty klasztoru kanoników regularnych w Żaganiu z piastowskimi książętami żagańskimi w XV wieku (w świetle kroniki klasztornej): *In Gremium. Studia nad Historią, Kulturą i Polityką*, 19, 145-160.

11. North, D. C. (1990). Institutions, institutional change and economic performance. Cambridge University Press. https://doi.org/10.1017/CBO9780511808678

12. Ostrom, E. (1990). Governing the commons: The evolution of institutions for collective action. Cambridge University Press. https://doi.org/10.1017/CBO9780511807763

13. Pobóg-Lenartowicz, A. (1994). Uposażenie i działalność gospodarcza klasztoru kanoników regularnych NMP na Piasku we Wrocławiu do początku XVI wieku [The endowment and economic activity of the Canons Regular monastery of Our Lady on the Sand in Wrocław until the beginning of the sixteenth century]. Wydawnictwo Uniwersytetu Opolskiego.

14. Pobóg-Lenartowicz, A. (1999). Kanonicy regularni na Śląsku: Życie konwentów w śląskich klasztorach kanoników regularnych w średniowieczu [Canons Regular in Silesia: Conventual life in Silesian monasteries of Canons Regular in the Middle Ages]. Wydawnictwo Uniwersytetu Opolskiego.

15. Steller G., (1968-1969). Die Anfänge des (Saganer) Augustinerstiftes in Naumburg am Bober (1217 – 1284): *Archiv für schlesische Kirchengeschichte* 26, 19-63/27, 30-52.

16. Williamson, O. E. (1985). The economic institutions of capitalism: Firms, markets, relational contracting. Free Press.

17. Williamson, O. E. (2000). The new institutional economics: Taking stock, looking ahead. *Journal of Economic Literature*, 38(3), 595–613. https://doi.org/10.1257/jel.38.3.595

18. Witczak, Z. (2019). The relocation of the Canons Regular monastery in Żagań as an element in the reform of interior life. *Folia Historica Cracoviensia*, 25(1), 215–236. https://doi.org/10.15633/fhc.3419

19. Witczak, Z. (2020). Pieniądze, władza, pozycja czy ambicja? Przyczyny konfliktu księcia Jana I z opatem kanoników regularnych w Żaganiu Henrykiem Leslavem w pierwszej połowie XV wieku [Money, power, status, or ambition? The causes of the conflict between Duke John I and Henry Leslav, abbot of the Canons Regular in Żagań, in the first half of the fifteenth century]. In N. Majoch & J. Pieczara (Eds.), Zazdrość, nienawiść, gniew w przestrzeni historycznej (pp. 95–116). Wydawnictwo Uniwersytetu Pedagogicznego w Krakowie.

20. Witczak, Z. (2023a). Działalność gospodarcza i uposażenie klasztoru kanoników regularnych w Żaganiu do początku XVI wieku [Economic activity and the endowment of the Canons Regular monastery in Żagań until the beginning of the sixteenth century]. Wydawnictwo Sindruk-DIMK.

21. Witczak, Z. K. (2023b). Skomplikowane losy opata klasztoru kanoników regularnych w Żaganiu Pawła II (1522–1525) [The complicated fate of Paul II, abbot of the Canons Regular monastery in Żagań, 1522–1525]. *Studia Teologiczno-Historyczne Śląska Opolskiego*, 43(2), 161–178. https://doi.org/10.25167/sth.5118

22. Witczak, Z. (2024a). Finansowe i pozafinansowe aspekty prowadzenia gospodarki wodnej w majątkach kanoników regularnych z Żagania do początku XVI wieku [Financial and non-financial aspects of water management in the estates of the Canons Regular of Żagań until the beginning of the sixteenth century]. *Saeculum Christianum*, 31(1), 81–94. https://doi.org/10.21697/sc.2024.31.1.6

23. Witczak, Z. (2024b). Młyny w dobrach opactwa kanoników regularnych z Żagania do początku XVI wieku [Mills in the estates of the Canons Regular abbey in Żagań until the beginning of the sixteenth century]. *Roczniki Dziejów Społecznych i Gospodarczych*, 86, 47–73. https://doi.org/10.12775/RDSG.2024.02