

Interorganizational Relationships in Medieval Trade: An Analysis of the Hanseatic League

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Abstract

The Hanseatic League was a commercial federation of guilds and cities in the Baltic region that dominated trade in northern Europe during the later Middle Ages. At its peak, it linked traders and market towns from England to Russia and most ports in between. It worked to remove trade barriers and provide security to its members. Employing an analytically structured approach, this study analyzes secondary sources to investigate the relationships between the members of the Hanse as well as the primary motivations driving the formation of the Hanseatic League. When this is analyzed as a federation style of interorganizational relationship, the five defining key contingencies become apparent: (1) power asymmetries in the High Middle Ages existed for the merchants with the balance of power in favor of monarchs; (2) individual guilds found it beneficial to establish ongoing relationships with other guilds; (3) economies of scope and scale allowed for efficiencies that would lead to trade dominance; (4) merchants sought more stable and predictable open access to markets across northern Europe; and (5) with the decline of feudalism, guilds sought to increase the acceptance and privilege of their community. The Hanseatic League's formation was also based on a sixth key factor: security for its members.

Keywords: hanseatic League, interorganizational relationships, middle ages, trade, guilds

1. Introduction

The Middle Ages (or Medieval Period) are generally considered to be the time between the fall of the Western Roman Empire in 476 C.E. and the end of the fifteenth century. This is a period about which we know considerably less than other historical ages, which is one of the reasons it is sometimes known as 'The Dark Ages.' Historians studying the period generally further subdivide it into three eras: Early Middle Ages (476-1000), High Middle Ages (1000-1300) and Late Middle Ages (1300-1500). In Europe, it is an era covering the 1,000 years from the fall of Rome and decreasing populations and tribal rule due to de-urbanization; through the spread of both Christianity and Islam; the creation of feudalism and monarchies; the conquest of the Vikings; the 'rediscovery' of many advances supporting civilization; the growth of cities; the spread of the plague; and the formation of several modern nations. It began with violence and fear and ended with enlightenment, exploration, and progress.

A significant development of the Middle Ages was the reemergence of trade and commerce that was lost following the collapse of Rome. Very little is known about economic history in the Early Middle Ages. Generally, it is assumed that commerce gradually, but continuously declined, except for agricultural barter, until the early eighth century (Lopez, 1976). Trade began to reemerge with the slow expansion of populations and growth of towns along the Mediterranean and Baltic Seas. However, "we must beware of overestimating the size of commerce in the barbarian age: even at the best moments and in the most lively places, it was very small" (Lopez, 1976: 21). Partially due to agricultural advances creating surpluses, the reemergence of coinage, and the growth of Medieval towns, commerce and trade started to gain a foothold by the eleventh and twelfth centuries with the emergence of markets, professional merchants and traders (Hunt & Murray, 1999; McBain, 2013). When tracing trade patterns throughout Medieval Europe, we see how it developed from the south to the north, moving across the Mediterranean to the Italian ports of Genoa, Venice, and Florence. It then spread up to the Rhone and Saone Rivers through the Burgundy region of modern France, and either across to the Rhine or across northern France to the Low Countries. From there it entered England and flowed into the Baltic (Baldwin, 1937; Hunt & Murray, 1999).

An analysis of the key contingencies associated with a medieval subject allows us to inform interorganizational theory due to the significantly different economic, political, and social conditions of the time period. In the realm of modern study of management history, the Middle Ages are almost completely overlooked. Relative to the modern era, a dearth

of extant records during the Middle Ages is largely responsible for this lack of organizational research. Only a very small number of management studies have examined organizational practices during the time and these studies have mainly focused on merchants and guilds (Akoorie, 2011; Grafe & Gelderblom, 2010; Kieser, 1989, Newton, 2004; Padgett & Ansell, 1993) or monasteries (Kennedy, 1999; Kieser, 1987; McGrath, 2007).

This study focuses on medieval trade federations, using an analytically structured approach (Rowlinson, Hassard, & Decker, 2014), where an interorganizational relationship (IOR) is an interconnection between two or more organizations (Turner & Shilbury, 2010). The purpose of IORs is facilitating communication and interactions between organizations facing similar environmental pressures. Organizations establish linkages between themselves and other organizations to promote their survival and improve performance through actions such as sharing knowledge, combining resources, increasing speed-to-market, and gaining access to foreign markets (Doz & Hamel, 1998). This study examines the motivations and actions behind the management of a particular medieval trade federation: the Hanseatic League. The research question addressed by this paper is, thus, can a better understanding of the motivations driving the formation of the Hanseatic League be reached by applying current theories of interorganizational relationships?

2. Overview of the Hanseatic League

The Hanseatic League (The Hanse) was essentially a commercial network of guilds and cities in the Baltic region that participated in (and for a time dominated) trade in northern Europe for approximately 500 years. It grew out of the merchant guilds around Lübeck, in northern Germany in the mid-twelfth century (Lloyd, 2002). At its peak, it linked traders and market towns from England to Russia and most northern ports in between. It worked to remove trade barriers and provide security to its members. At its core, the Hanseatic League was a voluntary federation of wealthy merchants, trade guilds, and their cities hoping to increase their mutual prosperity. (For a detailed overview of the Hanseatic League, its member cities, and maps of the region, please visit the Council of Europe's [2023] webpage dedicated to the Hanse at <https://www.hanse.org>).

Three important preconditions have been noted as setting the stage for creation of the Hanseatic League: (1) including the Baltic Sea into the established trade system, (2) an increased demand for goods due to the rapid population growth, and (3) the urbanization of northwest Europe (Hammel-Kiesow, 2002). The origins of the Hanseatic League come from merchants who travelled among the same destinations in northern Germany. By the ninth century, merchants trading supplies from the East, such as salted fish, with manufactured goods from the West had founded trading centers and followed established routes and timetables (Jahnke, 2013). In essence, the dynamic nature of the Baltic trade from Medieval times to the present reflects a major shift in European society from southern Europe to the northern area on the North and Baltic Seas, and with it came a gradual shift in the power from the South to include the North, with corresponding developments in supporting infrastructures (Braudel, 1991; Calabria, 2001). This shifting began during the Viking era (circa late-700s to mid-1000s) when major trade routes such as the Varangian-to-the-Greeks and the Volga Trade Route used the river systems of modern-day Russia and Ukraine to link northern Europe to Constantinople and the Middle East (Hunt & Murray, 1999). This was a time of economic growth in Europe, which lasted from the eleventh to the mid-fourteenth centuries (Wubs-Mrozewicz, 2013). Around 1150 the merchants began to band together into a loose association to pursue common economic aims, such as negotiating trade privileges with the ruling nobles who controlled the towns and ports. (Dollinger, 1970).

During the timeframe examined in this analysis, arguably the single most valuable scarce resource that trade organizations sought was 'privilege.' That is, they needed to be granted by the local governmental power structure the right to engage in trade in their markets. These privileges could include benefits such as legal permits to conduct trade, reductions in taxes, promises of safe-passage, and monopolies over trade in the area (Ogilvie, 2011).

Beginning in the mid-thirteenth century, power within the Hanseatic League began to shift. The Hanse transformed itself from a collection of merchants into an organization of the towns in which the merchants operated, with Lübeck establishing itself as the leading center of operations. (Hammel-Kiesow, 2002). By the mid-fourteenth century, the Hanseatic League was comprised of approximately 70 larger cities and another 130 smaller ones stretching all across northern Europe and the Baltic and into England. They also established a series of Kontors (or trading outposts) abroad where Hanseatic merchants lived and engaged in trade. These were in locations significant for their trading operations, such as Antwerp, Bergen, Bruges, London, and Novgorod, and were sizeable establishments (Dollinger, 1970). For example, the London Kontor was a walled community with its own warehouses, weighhouse, church, offices, and homes.

The power of the Hanse peaked around 1400; afterwards cities began to leave the league due to a changing political and economic landscape. With the increased power of centralized states and corresponding reduction in the power of cities, the Hanse had all but ceased to be a functional association by the time of the Thirty Years War (1618-1648), with the last formal meeting being held in 1669.

Ultimately, the Hanseatic League was a collection of traders and their hometowns aimed at pursuing their common benefits. It was more of a “community of interest” than a hierarchical structure (Wubs-Mrozewicz, 2013). It was a network of peers who remained members as long it was profitable to do so. Its aims were economic, where politics was only used as a means of achieving economic ends.

3. Interorganizational Relationships

As previously mentioned, an interorganizational relationship (IOR) is an interconnection between two or more organizations (Turner & Shilbury, 2010). The goal of an IOR is to promote communication and interactions between organizations dealing with similar environmental factors. Organizations create linkages to increase their chances for survival and improve performance through actions such as entering foreign markets, improving speed-to-market, combining resources, and transferring knowledge (Doz & Hamel, 1998). There are typically a few different forms of IOR upon which research focuses. These include relationships such as trade associations, joint ventures, interlocking directorships, and federations (Oliver, 1990).

A federation is a type of interorganizational relationship (IOR) in which members retain their autonomy, but delegate certain administrative tasks to a central management organization (Oliver, 1990). By banding together, these organizations hope to achieve goals that would otherwise be difficult to reach individually. Many studies have categorized the factors driving IOR formation, however a few dimensions fairly consistently emerge, such as uncertainty reduction, knowledge transfer, resource acquisition, efficiency, regulation, and strategic goals (cf., Turner & Shilbury, 2010). In her seminal article, Oliver (1990) argued that the voluntary formation of federations are driven by five key contingencies, which she identified as: (1) asymmetry of power, (2) reciprocity among members, (3) efficiencies in operations, (4) reduction of uncertainty, and (5) legitimacy enhancement.

Power asymmetries are a key driver of federation formation (Babiak, 2007). Organizations join together to wield more power over other influential entities in their environment (Provan, 1983). This increased bargaining power collectively improves the ability of the members to negotiate favorable arrangements when compared to what they can negotiate individually.

Reciprocity drives federation formation in that it ensures equitable access to key resources (Babiak, 2007; Doz & Hamel, 1998). Organizations within the federation exchange with one another to distribute inputs, and allocate revenues. It is important for the long-term survival of the federation than member perceive the distributions and exchanges are fair or else harmony will be disrupted and failure may ensue (Fink, 2012; Galaskiewicz, 1985).

By banding together, organizations can reduce transaction costs associated with activities like negotiating contracts and purchasing inputs. If each organization had to engage in these tasks individually it would be highly inefficient, wasting a great deal of their collective resources. Additionally, federations promote standardization of basic administrative tasks, which can then be imposed upon members (Alter & Hage, 1993). This also promotes efficiency in that the members do not have to spend time seeking out and learning ways to perform these tasks.

Federations also form to reduce environmental uncertainty. As the factors in the environment change and evolve, uncertainty is created for organizations. By banding together, organizations can turn to one another for support and guidance; they can share risks associated with new actions; and they can ensure that the successes of one member organization can be used to offset the losses of another.

Finally, federations increase the status and visibility of members within their communities (Babiak, 2007; Oliver, 1990). By showing that their activities are being monitored and controlled by a larger community, members gain legitimacy through normative isomorphism (Provan, 1983). This is especially true if the actions of individual organizations are perceived to be somewhat questionable by the larger community.

These motivators are examined in an historical context to better understand the antecedents of current organizational theory. To do so, an historical narrative is combined with the theoretical model to investigate issues of causation and motivation in the formation of the Hanseatic League. While theories of federation formation are relatively new, many of the practices used today date back hundreds or thousands of years (Witzel, 2012). Engaging in a methodologically sound investigation will allow us to examine the antecedents of modern theory and gain a deeper insight into the IORs we see today.

4. An Analysis of Key Contingencies

4.1 Methodology

Drawing upon Rowlinson et al’s (2014) categorization of research strategies, this study employs an analytically structured approach. “Analytically structured history thus uses analytical constructs—such as ‘strategy’ and ‘structure’—to search archival sources, enabling the construction of a narrative of structure and events that may not

even have been perceived as such by actors of the time” (Rowlinson et al., 2014: 264). The primary means of investigation is the use of historical narrative, however it is motivated by the use of a theoretical model to understand the events studied.

Through the use of an analytically structured approach, we investigate the relationship between the members of the Hanse and their collective actions as well as the primary motivations driving the formation of the Hanseatic League. By applying a modern-era organizational theory to such an historical entity, we hope to better understand why actions were taken and gain a deeper understanding of current IORs. Searching secondary sources with an *a priori* construct allows us to offer new insights into interconnections and motivations, observing both the differences and similarities between the historical and modern. We examine the actions of the Hanseatic League using Oliver’s (1990) drivers of IORs as the *a priori* construct.

To employ analytically-structured methodology, we devised three broad steps based on Rowlinson et al. (2014). First, we established the theoretical framework to be used for investigating motivators behind the Hanseatic League. In this case, it was Oliver’s (1990) five determinants of interorganizational relations. Second, we identified key seminal and current histories of the Hanseatic League since “the further back we go, the more dependent we are on historiography” (Rowlinson et al., 2014: 269). These included classic works, such as those by Dollinger (1970), Nash (1929), and Zimmern (1903) as well as influential modern works like Wubs-Mrozewicz (2013) and Lloyd (2002). Third, we used Oliver’s model as a lens for examining the historiographic discussions of Hanseatic motivations, generating lists of examples for each IOR determinant. Both authors reviewed the materials separately to establish their own lists before compiling the areas of agreement into a single dataset. For each driver, we analyze historical events in a chronological order to better understand the actions and motivations of the Hanse.

4.2 The Hanse as a Federation

When the motivations behind the formation of the Hanseatic League are examined using the construct of the interorganizational relationship, it becomes apparent that it was a form of voluntary federation. As previously mentioned, a federation is a type of IOR in which members retain their autonomy, but delegate certain administrative tasks to a central management organization (Oliver, 1990). In the case of the Hanse, it was established as a voluntary collection of wealth traders, merchant guilds, and their cities hoping to increase their mutual prosperity. It was created as a community of shared interest (Lloyd, 2002). There was no top-down command-and-control, and all decisions had to be ratified by each individual town in order for their merchants to be bound by them (Wubs-Mrozewicz, 2013). In essence, it was a network of peers whose interaction increased or decreased based on economic concerns.

Two collective systems that were popular in Europe during the High Middle Ages were merchant guilds and urban leagues. However, the Hanseatic League was neither of these. A merchant guild was a collection of traders from a specific location who banded together for economic, political, and social needs. Guilds had an internal administration and members looked out for each other. Although many merchant guilds were members of the Hanseatic League, the Hanse did not require an oath of loyalty to other members, nor did it provide much social interaction to most members, or even have much of an overarching culture (Wubs-Mrozewicz, 2013). Urban leagues, on the other hand were popular in northern Europe during this time of weak nation states as a means for cities to band together for defense and achieve political aims. However, the Hanse lacked many of the defining characteristics of an urban league, such as a foundation act, executive power, treasury, shared responsibility for each other’s actions, nor the pursuit of political goals (Wubs-Mrozewicz, 2013). A defining feature of the Hanseatic League was that individual guilds, cities, and merchants retained their autonomy and merely turned over certain administrative tasks to a central body.

When the Hanseatic League is examined using modern theories of interorganizational relationships, it most closely resembles a voluntary federation. Therefore, by employing the aforementioned structured analysis technique, we can better understand the motivations and drivers behind the Hanse’s actions. By analyzing the Hanseatic League’s formation as a federation type of IOR, five key contingencies become apparent.

4.2.1 Asymmetry of Power

The Hanseatic League was founded during the High Middle Ages (circa 1000-1300 C.E.). This was an age of feudalism in northern and western Europe. At its core, feudalism was a system of military and legal obligations among members of society; it was a way of structuring society around these relationships. Under feudalism, society was broadly structured into three groups, or estates. These were the nobility, the clergy, and a third estate comprised of everyone else. Around 1000 C.E., the Benedictine monk Aelfric of Eynsham described feudal society at the time as being comprised of *laboratores* (those who labor), *oratores* (those who pray), and *bellatores* (those who fight) (Magennis & Swan, 2009). The nobles provided protection and governance, and were comprised of a hierarchy from Kings and Queens down to knights. The clergy provided for everyone’s spiritual needs, rudimentary education, and the legitimation of the nobles. Many of the clergy were, themselves, also members of the noble class. The third estate comprised everyone who was

not a noble or clergy, including peasant farmers, laborers, tradesmen, and merchants. Many of the peasants were tied to the land of a particular noble through serfdom, while others were free. However, they all provided the food and goods for everyone within the fiefdom, as well as serving as troops when necessary. Although there was a symbiosis between all three estates, power was not distributed equally, with the nobles enjoying significant advantages even though they comprised a small percentage of the populations (estimated at approximately 2% in Medieval France, for example). Although the peasants comprised more than 95% of the population, they had very little power. Anderson (1974) succinctly captured feudalism in western Europe as “the combination of vassalage benefice and immunity into a single complex” containing the inner momentum towards capitalism through the inherent tension between the estates.

One of the driving motivations behind the creation of the Hanseatic League was to increase the power of the merchants relative to the other two estates. Power asymmetries in the High Middle Ages existed for the merchants as members of the third estate, with the balance of power in favor of monarchs and princes. As previously mentioned, during this time a merchant’s ability to conduct trade was directly related to their ability to obtain trade privileges from the local nobility (Nash, 1929).

By banding together, the merchants of the Hanseatic League were able to consolidate their power and establish a quasi-monopoly over trade in northern Europe. They were then able to leverage this control over trade to their advantage. For example, during 1358-60 the Hanseatic League relocated their Kontor in Bruges to Dordrecht in order to force the Count of Flanders to increase their trade privileges in Bruges (Ewert & Sunder, 2011) and the Kontor in London facilitated competition with the Cinque Ports of southeast England (McBain, 2012).

4.2.2 Reciprocity among Members

Another motivation behind the formation of the Hanseatic League was to promote equity of trade among members. Individual guilds found it mutually beneficial to establish ongoing relationships with other guilds, exchanging resources such as timber, copper, and iron from Sweden with salt and wool from England with grain from Prussia (Nash, 1929).

Officially, members of the Hanseatic League were only supposed to engage in trade with other League members. The goal of this directive was to maintain the advantages and strength of the League. The benefits of League membership were shared with those who also shared the costs and risks. The aforementioned move of the Kontor from Bruges was the first cooperation between medieval towns to gain power and thus mutual commercial benefit (Ewert & Sunder, 2011).

Beginning in 1356, a general assembly of representatives from member towns began meeting to make decisions concerning the operations of the Hanse. This Diet of the Hanseatic League met approximately once a year during the last half of the fourteenth century and roughly once every three years during the fifteenth century, even though none of the meetings were ever attended by representatives from every member town (Dollinger, 1970). However, the Hanseatic League was not empowered to dictate mandates to its members. Instead, all decisions had to be ratified by each member town in order for it to be binding upon the town’s merchants.

The Hanse also created incentives for merchants to refrain from opportunistic behaviors. In large part, this was accomplished through reputational effects (Fink, 2012). Even though a multitude of merchants engaged in trade under the auspices of the Hanseatic League, word of their behaviors was widely dispersed, with informal mechanisms having a greater impact than any formal structures (Padgett & Ansell, 1993). While the overall League had no strong social function and most individual traders had no contact with the organizational hierarchy, individual towns and guilds held social functions in which information was exchanged and reputations were created, with excessively self-interested members being ostracized (Fink, 2012).

4.2.3 Efficiencies in Operations

An equally important motivation behind the Hanseatic League was the reduction of transaction cost associated with trade. As previously mentioned, the Hanse established Kontors, or permanent commercial settlements abroad, to facilitate trade in common locations. The Kontors handled the bookkeeping and accounting, as well as trained apprentices in this recordkeeping (Meier, 2006). Standards of weights and measures were established to facilitate exchange. Negotiations over quantities and prices were conducted at the Kontors. Literacy and a shared use of Middle Low German was also a prerequisite for extensive participation in the League as a means of promoting effective communication (Wubs-Mrozewicz, 2013). The ensuing economies of both scope and scale allowed for efficiencies that would lead to trade dominance for several hundred years.

Additionally, common laws and practices were established to govern Hanseatic League members, although they also had to be approved by the member cities. Kontors, for example, established rules governing the behaviors of foreign merchants operating within them. Each Kontor had its own court and aldermen, who were representatives of the various member communities. Some of the rules were specific to the Kontors, whereas other were drawn up by the Hanseatic

Diet aimed at being universal applied to all members. For instance, in 1434 the Diet ruled that trade with former merchants who had left the Hanse was to be avoided (Fink, 2012). To facilitate efficiency, the Hanse also meted out punishment to its members, which could range from monetary fines to exclusion from Hanseatic privileges. The Kontor in Novgorod was even granted the power to impose the death penalty if deemed necessary in extreme circumstances (Fink, 2012).

4.2.4 Reduction of Uncertainty

The merchants of the Hanse continuously sought more predictable open access to markets across northern Europe. They also sought to reduce the threat of uncertainty due to competition. In other words, they strove to promote market stability for themselves and reduce competitive pressures. To this end, they frequently used their collective might to ally with various sides in regional political and trade conflicts. In the 1360s, the Hanseatic League sacked Copenhagen and went to war against the Danish King to ensure consistent access to Danish markets. The ensuing Peace of Stralsund in 1370 granted the Hanse 15 percent of the profits from Danish trade. In the early stages of the Hundred Year's War, they supplied funds to the English crown. In 1419 they engaged in a conflict with Spain over trade in France (Ogilvie, 2011). From 1438-1441 they engaged in the Dutch-Hanseatic War in the Bergundian Netherlands (centered around present day Belgium) over control of shipping in the Baltic. In the 1450s, they aided in the defense of Danzig against the Polish King, which helped the Hanse gain control over the shipbuilding market in Danzig. Additionally, during the English War of the Roses, they made significant financial contribution to the House of York (Dollinger, 1970).

4.2.5 Enhancement of Legitimacy

Finally, with the rise of the merchant class, guilds sought to increase the acceptance and recognition of their community. They did this through increased visibility and improved social status. The Hanse strove to promote the virtue of trade and commerce as a means of improving the welfare and prosperity of all. In the Early Middle Ages, trade and the pursuit of wealth was seen as morally contemptible, with the merchant as its most typical representative (Lopez, 1976). Into the thirteenth century, the merchant was still held in low esteem (Baldwin, 1937). Written between 1265-1274, St. Thomas Aquinas' *Summa Theologica* argues that while trade can be beneficial if conducted in a forthright manner to sustain life, the practice itself is somewhat dishonorable, especially if it is conducted for the purpose of profit making. Therefore, having to purchase supplies from outsiders was best to be avoided (Aquinas, 1274/1947).

Against this backdrop, the Hanse strove to improve the standing of merchants. An important resource of the Hanse was the maintenance of "gelouwe," which was a Hanseatic term meaning a good reputation (Jahnke, 2013). The Hanseatic League created incentives for honest trade. The League would stamp, or brand their merchandise with a seal (Meier, 2006). This seal was an assurance of quality and quantity. In essence, it was a brand label that reduced the impression of impropriety.

Membership in the Hanseatic League provided a common identity bonding together a vast array of merchants and towns working toward a shared goal. By pursuing common objectives in a similar manner and following established procedures, the Hanse gradually began to set the standards for mercantile behavior in the Baltic region. Petty difference fell away and the shared goals became the central focus (Jahnke, 2013). Their ways became the accepted ways. As other merchants traded goods, they tended to follow the general behaviors of the merchants of the Hanseatic League. For example, the Flemish Hanse of Seventeen Towns and the Danish St. Canute guild modeled their behaviors and goals after the Hanseatic League (Jahnke, 2013). This form of isomorphism helped to establish trade as an accepted practice to improve both the living conditions of the communities and the wealth of the merchants, thereby further enhancing their legitimacy.

4.3 Security

All five of the key contingencies driving contemporary IOR formation appear as motivators behind the Hanseatic League during the Middle Ages. However, the Hanseatic League's formation was also based on a sixth critical factor that is not part of contemporary interorganizational theory: security. By banding together, merchants, trade guilds, and cities could increase their chances for secure transit of their goods. As noted by Grafe and Gelberblom (2010), formal associations helped protect against crime, warfare, and arbitrary confiscation.

The precursors to the Hanseatic League began, in large part, to acquire timber, fur, and grains from the eastern Baltic regions—an area of high risk due to the Viking presence as recent as the previous century. By traveling in well-armed convoys, the merchant vessels could better survive threats from pirates and privateers. Additionally, the federation of cities could leverage their political clout to guarantee the safety of Hanse merchants traveling on overland trade routes.

Throughout their history, the Hanse had to be concerned with security. They waged a continuous campaign against pirates. For example, between 1392 and 1440, maritime trade of the Hanseatic League faced danger from raids by privateers hired by the King of Sweden. The outgrowth of this "Privateers' War" was an increase in ruffians,

highwaymen, and roving bands of unorganized pirates (Meier, 2006). These “*Vitalienbrüder*” (or Victual Brothers) were frequently ruthless in their pursuit of plunder (Zimmern, 1903). Stories exist of them sealing captives in barrels with their heads projecting through a hole in the top so they could be beheaded, a practice later adopted by the Hanse to use against the *Vitalienbrüder* themselves (Meier, 2006). By banding together, the traders and cities of the Hanseatic League were able to improve their chances for secure transport of their goods in the face of these pirates.

5. Conclusion

Examining the Hanseatic League as a voluntary federation form of an interorganizational relationship allows us to better understand why medieval trade was practiced in the manner it was. By applying an analytically structured approach to examining the motivations driving the Hanseatic League we see that the drivers behind today’s IORs also applied 700 years ago. The key determinants of equalizing power asymmetries, developing mutually beneficial relationships, gaining efficiencies of scale, creating stable access to valuable resources, and the establishment of institutional legitimacy were primary motivators in the creation of the Hanseatic League. However, we also see the significance of security as a driving motivation behind the Hanse’s formation. The Middle Ages were a time of danger and physical risk far greater than that faced in most of the modern world. Piracy and larceny abounded. Robbers, cutthroats, and highwaymen awaited heavily loaded merchant wagons. Pooling their collective might and sharing in the associated risks of trade improved their security in such times.

While worries that faced the Hanse are significantly decreased in much of the modern world, there are still segments where such concerns abound. Although safety concern can take many forms, in politically unstable regions of the world, security may still be a driver behind federation formation (Schmidt, 2012). For example, companies engaged in business in zones of conflict, such as in the extractive and energy sectors, are encouraged to employ collaborative relationships as a means of promoting regional stability (United Nations Global Compact, 2014). In the same way that medieval IORs could offer increased security in an era before strong nation states, modern IORs can offer organizations increased security in areas with weak governmentally provided mechanisms for stability and security. As in the past, such modern organizations may see the need for improved security as a primary driver behind forming a federation.

The Hanseatic League was a product of its time. It formed in an age of vastly different economic, political, and social forces than exist today. By the end of the Middle Ages in Europe, feudalism had collapsed and powerful cities had been replaced by even more powerful nations. Trade itself, had been subsumed by many of these nations in the form of colonies supporting a mercantile system. Through it all though, our analytically structured examination reveals that the Hanse formed based on the same five motivators as modern federations. We also identified a sixth motivator in the pursuit of increased security. In today’s globalizing economy where state power is increasingly multipolar, and organizations partner and collaborate in every region of the globe, insights gleaned about the importance of security as a motivator should not be overlooked.

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