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**Where Everybody Knows Your Name: The Reciprocal Roles of Small Businesses  
and Social Networks in Detroit**

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## Extended Abstract

### *Background and Research Questions*

How does Detroit, a city of almost 800,000 people, get constructed as a “small world” where everyone seemingly knows one another? As Oldenburg (1999) observed, “third places”—or social settings other than home and work—are important sites of social network formation and an integral component in the establishment of a sense of place. Hence, the recognition that small businesses are central to the revitalization and redevelopment of Detroit and their promotion as such is not surprising. But despite popular depictions of Detroit as a ruin and amidst continual citywide population loss and massive amounts of abandonment and blight, small businesses continue to endure in a similar fashion to the residents who still remain.

In 2007, there were over 50,000 firms located within the city, with a substantial portion of these falling under the category of small business (defined as employing less than 500 people) and even more that had no paid employees (i.e. those typically associated as mom and pop establishments) (U.S. Census Bureau 2015). And while it is evident from the vacant storefronts that line once thriving neighborhoods that businesses were not immune to the massive disinvestment and social problems plaguing the city, Detroit is not devoid of retail stores, service establishments, and places to eat and drink. In addition, particular areas of the city have seen rapid redevelopment in the form of new businesses opening. One particular neighborhood saw 24 new retail and food service establishments open between 2012 and 2013, the majority of which were independent, non-chain stores (Welch 2013). Therefore, what is puzzling is not their promotion per se but rather the prioritization of specific types of businesses and the failure to recognize that such establishments already exist.

Using ethnographic methods, I studied how current and aspiring small business owners in Detroit understand their role as entrepreneurs in community revitalization. In this paper I focus specifically on how entrepreneurs engage in the process of networking and their perceptions about how small businesses contribute to social network formation. Doing so uncovers the social processes underlying why social networks are important in urban development and neighborhood change. Moreover, I examine individual perceptions about the degree in which small businesses facilitate social interactions, particularly those across racial and class lines. Taken together, the overarching research question is whether small businesses broaden social networks across a diverse group of people or whether they strengthen already existing, highly segregated networks.

### *Theoretical Motivation*

Third spaces have served as the setting and backdrop for a plethora of ethnographic and community studies (Duneier 1992; Grazian 2003; Hannerz 1974; Liebow 2003; May 2001). However, much of this work has focused on individuals who occupy these spaces rather than the persons who run and own them. One exception is Lee’s (2002) work investigating the interracial interactions between merchants and customers in inner city stores. Moreover, less is known about the larger impacts these places have on the surrounding community. For example, long time residents of a Brooklyn neighborhood welcomed the new businesses that came along with residential gentrification due to the lack of amenities brought about by historical disinvestment

(Freeman 2006). In light of the literature on gentrification and neighborhood change, there is a dearth of knowledge about how such third spaces contribute to demographic shifts. For example, do new businesses lead to more displacement or is it largely driven by residential change? One study examined how the proliferation of upscale restaurants, cafes, and stores (a process called “boutiquing”) changed the social class and ethnic character of neighborhoods in New York City (Zukin et al. 2009). While still relatively inchoate, studies of commercial gentrification are beginning to gain traction.

Empirical investigations on neighborhood change and community studies of third spaces rarely examine the processes underlying racial integration (or lack thereof). Here I am referring not to how residents move in to a neighborhood and gentrify it but how they come to live amongst people of different racial and class backgrounds. While we know that racial and class transitions occur, less is known about how these changes arise through processes of social interaction. One notable exception is Pattillo’s (2008) study of Black gentrifiers in Chicago in which she chronicled class differences in the use of public space and how these contributed to conflicts between groups. I argue that one reason why there are few studies of the process by which neighborhoods undergo transition and how different groups interact is due to the lack of organizational and social network perspectives.

Organizational paradigms are particularly useful for community studies because as McQuarrie and Marwell (2009) maintain, “organizations are themselves productive of social relations” and studying organizations highlights “the social processes in which organizations are engaged.” Hence, organizations in their broadest definition are the spaces in which social interaction occurs. But rather than act as mere backdrops to social action, they also act as instrumental components in the generation of interactions. Recognizing that small businesses are themselves organizations can illuminate the underlying mechanisms in which they facilitate or inhibit cross-racial and -class interactions and how they contribute to neighborhood change.

Understanding these mechanisms requires the examination of the underlying social networks between businesses and residents. However, most studies of social networks focus only on their structure rather than tracing the processes or conditions in which they arise (Neal 2012). We know much less about the process of networking and how it relates to neighborhood revitalization and change. Small’s (2010) recent study demonstrates how examining the process of networking from an organizational perspective, rather than simply networks, sheds light on how child care centers generate opportunities and inducements for interaction between parents. I follow a similar approach in the present study, showing how an organization for aspiring and current business owners in Detroit facilitates networking opportunities amongst a limited group of individuals and their perceptions of the role of third spaces in generating social interaction. Incorporating organization and network approaches shows how my case study reproduces exclusionary networks across the city.

### *Method*

Over the course of three years, from October 2012 to April 2015, I used mixed methods to study a community-based organization that holds a monthly networking event for current and aspiring small business owners. The organization began in 2007 as a small group of local entrepreneurs who met over Happy Hour to discuss problems they

encountered, propose solutions, and share resources. Since then it has become a formal organization with paid staff and funding from numerous foundations.<sup>1</sup> I chose this organization as a case study to conduct participant observation because of its implicit focus on brick and mortar establishments. While there were other organizations I could have followed, such as a business incubators focused on tech or sustainability, the types of businesses these organizations supported were less likely to have daily, face-to-face interactions with the community since they were not open to the public. I conducted participant observation during seventeen events, which consisted of informal networking amongst attendees and formal panel discussions of specific topics featuring three to four experts. Table 1 shows a list of topics discussed during the events I attended.

During my third year of field work, I collaborated with the leadership of the organization to collect demographic data at each session to better understand who attended these meetings. At each session, I handed out paper surveys to attendees as they entered and as I mingled amongst the crowd. Participation was completely voluntary and anonymous. I also disseminated the survey online through a link that was included in monthly e-mail reminders to the organization's constituents. In total, I received 223 responses with an overall response rate of 42.77 percent.<sup>2</sup>

### *Results*

Who are current and aspiring business owners in Detroit? Table 2 presents summary statistics of attendees who chose to participate in the survey. While the results are representative of entrepreneurs engaged in a specific organization, the discrepancy between attendees and the actual demographics of Detroit residents as a whole is striking. On the face, it appears that attendees are racially diverse, however, less than 40% were African-American; lower than the over 80% that comprise the city (U.S. Census Bureau 2015). Race relations in the city have been historically tense between African-Americans and Whites (Sugrue 2005). The city and surrounding suburbs continue to be bifurcated by race, making recent redevelopment efforts with respect to the influx of new businesses racially charged on a number of dimensions. For example, newer businesses tend to be owned by White entrepreneurs and are perceived as catering to a predominantly White and newly arrived clientele. In addition, both the media and those who have recently moved to the city often overlook longstanding Black-owned businesses.

Moreover, the socioeconomic make-up is largely skewed towards college-educated and wealthier individuals. About three-quarters of the sample had household incomes over \$30,000 whereas the median income in Detroit is a little over \$26,000 (U.S. Census Bureau 2015). Lastly, and perhaps most surprising, is the fact that only half of attendees lived within the city limits and a vast majority of those who lived in the city

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<sup>1</sup> It is important to note that the site differs from organizations traditionally examined within the organizational studies literature. As the event is open to the public, it is more akin to a community forum or Town Hall meeting. Membership is not enforced and while I saw many people attend the event regularly, the individuals who attended were not static.

<sup>2</sup> The response rate was calculated only for the in-person surveys received, using the number of attendees at each event as the denominator.

had moved within the past five years and live near or around the downtown core. An assumption inherent in the meaning of third spaces is that the proprietors are intimately familiar with the surrounding community and know their customers well, even if they may not necessarily live in the immediate neighborhood. The fact that attendees are relatively new to Detroit or live outside of the city calls into question whether they are simply proprietors offering a good or service or if they are emotionally and socially invested in the lives of their customers. Taken together, it appears that attendees do not reflect the average Detroit resident, foreshadowing the circumscribed social networks I observed in my fieldwork and pointing to the limited degree in which third spaces can promote cross-racial and -class interactions.

In the paper, I use my ethnographic data to illustrate two things. First, I unpack how current and aspiring entrepreneurs understand the role of small businesses in community development and broader revitalization efforts ongoing in Detroit. Collectively, all of the entrepreneurs involved in this network express the need for more small businesses and stress their importance for the future economic growth of the city. However, African-American and White participants have fundamentally different views on the function of small businesses and their role in social integration. While White entrepreneurs stress the need for more places with a “Cheers mentality,” African-American entrepreneurs see these places as sites of division where they are not welcome. Further, the perception of current businesses in Detroit that fulfill these roles differs by race.

Secondly, during my time in the field, references to Detroit as a “small world” occurred on multiple occasions. In talking about the functions of small businesses it became apparent that these spaces allow Detroit, despite its large population, to appear to be a place where everyone knows one another. On one hand, this is one of the benefits that are expected to arise from a third place—individuals who would not normally interact are given the opportunity to get to know one another informally. However, accounts of interactions between individuals of different racial and class backgrounds by participants did not reflect this. Instead, many African-Americans pointed to the fact that the newer businesses opening were highly segregated by race and class. At the same time, the isolated nature of social networks seemed to be lost on White participants. Rather than see the potential for these places to be perceived as exclusionary, their myopic view of their own social networks prevented them from seeing how disconnected they were to particular groups in the city. By examining the limited ways in which social actors engage their networks on the ground, I demonstrate how the process of exclusion occurs and its implications on larger race relations in the city.

### *Discussion*

I use my ethnographic results to develop a theory of neighborhood change and social integration that incorporates how social networks shape these outcomes. My observations point to the application of market fundamentalist ideals to social interactions. In other words, White business owners are not purposely creating exclusionary social networks, but rather they are a byproduct of the way social life is organized in Detroit. Third spaces are an integral component of this process. While new business owners may think of their social networks as arising due to non-racially motivated desires to meet likeminded others, they fail to see that while they may seem

random, they are often a product of a number of both structural features and individual choices that are built into everyday life. In summary, this paper seeks to highlight how place entrepreneurs construct a delimited version of Detroit that enable particular groups to engage with the city in a manner that prevents social integration across lines of race and class. More broadly, it suggests that even as the trajectory of Detroit begins turning upward, many residents will be excluded from reaping these benefits.

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**Table 1. Discussion Topics**

Do It In Detroit: Hear the Stories of Local Business Owners	Beyond the Bottom Line: How to Build a Sustainable Business	Thank You, Come Again: Customer Rapport and Inviting Spaces
Show Me The Money: Creative Funding for Small Business	Lean on Me: The Importance of Mentorship	Failure Fest: If at First You Don't Succeed, Tweak, and Try Again
Brick by Brick: Building Community Through Small Business	Detroit Biz-Grid: A Resource Map for Entrepreneurs	Loca-vesting: Exploring Alternative Funding Models
Who's the Boss? Considering Alternative Ownership Models	The Leap: Take Your Business to the Next Level	Pop-Up Detroit: Starting Slow and Small
Rock The Red Tape: Tips for Navigating City Hall	It Takes a Village: Working Together to Grow Your Business	Crowd Power: Where Dollars and Dreams Meet
Be the Change: Social Entrepreneurs Making a Difference	Bricks to Bits: Connecting Your Business with the Digital World	Location, Location, Location: What's the Deal with Commercial Real Estate?
It's in the Details: Why Good Design is Good Business		

**Table 2. Demographic characteristics of attendees**

<i>Age</i>	Count	Percentage
18-24	34	15.25%
25-34	104	46.64%
35-44	29	13.00%
45-54	28	12.56%
55-64	21	9.42%
65+	2	0.90%
Missing	5	2.24%
<i>Gender</i>		
Male	101	45.29%
Female	122	54.71%
<i>Race</i>		
Latino	8	3.59%
White	106	47.53%
Black	89	39.91%
Asian/Pacific Islander	5	2.24%
Other	14	6.28%
Missing	1	0.45%
<i>Born in the US</i>		
Yes	210	94.17%
No	13	5.83%
<i>Marital Status</i>		
Married	56	25.11%
Living with partner but not married	24	10.76%
Separated	3	1.35%
Divorced	18	8.07%
Widowed	1	0.45%
Never married/Single	119	53.36%
Missing	2	0.90%
<i>LGBT</i>		
Yes	19	8.52%
No	194	87.00%
Missing	10	4.48%
<i>Lives in Detroit</i>		
Yes	111	49.78%
No	110	49.33%
Missing	2	0.90%
<i>Year Moved (Detroit Only)</i>		
Past 5 years	80	72.07%
6-10 years ago	9	8.11%
11-15 years ago	5	4.50%
16-20 years ago	5	4.50%
21+	8	7.21%
Missing	4	3.60%
<i>Education</i>		
Less than HS	0	0.00%
HS or equivalent	6	2.69%
Some college	29	13.00%
Associates	12	5.38%
Bachelors	100	44.84%
Graduate	71	31.84%

Missing	5	2.24%
<i>Employment</i>		
Working now	172	77.13%
Looking for work	24	10.76%
Retired	2	0.90%
Homemaker/Keeping house/Stay at home	0	0.00%
Student	17	7.62%
Missing	8	3.59%
<i>Household Income</i>		
<\$10K	19	8.52%
\$10K-\$29,999	38	17.04%
\$30K-\$49,999	46	20.63%
\$50K-\$69,999	43	19.28%
\$70K-\$89,999	19	8.52%
\$90K-\$119,999	22	9.87%
>\$120K	21	9.42%
Missing	15	6.73%
<i>Frequency of Attendance</i>		
1st time	152	68.16%
1-2 per year	38	17.04%
3-5 per year	21	9.42%
All of them	10	4.48%
Missing	2	0.90%
<i>Attend Other Events</i>		
Yes	123	55.16%
No	96	43.05%
Missing	4	1.79%
<i>Current Business Owner</i>		
Yes	111	49.78%
No	109	48.88%
Missing	3	1.35%
<i>Business is Located in Detroit</i>		
Yes	68	30.49%
No	42	18.83%
Missing	1	0.45%
<i>n</i>	223	