

# Enterprise Landscape of Singapore’s Services Sector

by Matthew Goh and Tang Yew Tong  
 Business Statistics Division  
 Singapore Department of Statistics

## Introduction

Singapore’s services sector<sup>1</sup> covers a wide range of economic activities, comprising Wholesale Trade, Retail Trade, Transportation & Storage, Accommodation, Food & Beverage Services, Information & Communications, Business Services (i.e. Real Estate, Professional and Administrative & Support Services), as well as Recreation, Community & Personal Services.

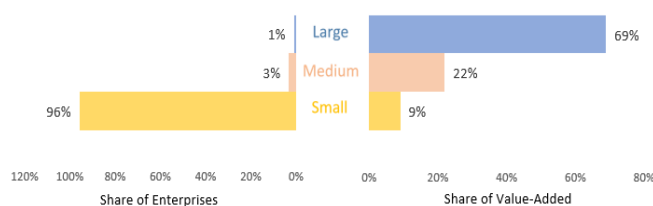
This article provides an overview of the composition of Singapore’s services sector by industry and revenue size<sup>2</sup>, in terms of enterprises and their contribution to nominal value-added (VA). The impact of the COVID-19 pandemic in 2020 on the services industries was also examined.

## Overall Services Sector

### Small Enterprises Accounted for 96 Per Cent of Enterprises in the Services Sector in 2020, But Large Enterprises Contributed Almost 70 Per Cent of Value-Added

In 2020, there were 211,400 enterprises in Singapore’s services sector, comprising 202,500 small enterprises (96 per cent), 6,800 medium enterprises (3 per cent) and 2,100 large enterprises (1 per cent). In total, these enterprises generated about \$231 billion in value-added in 2020. Even though their enterprise share was small, large enterprises contributed the most (69 per cent) to total VA in 2020 (Chart 1).

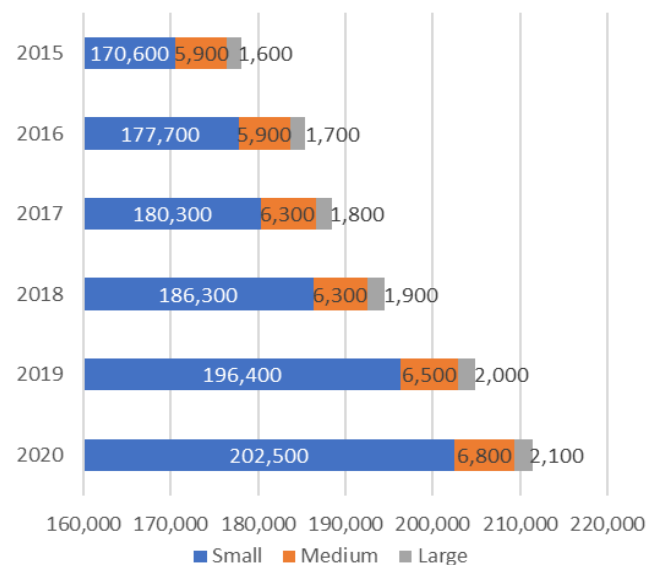
**Chart 1**  
**OVERALL SERVICES SECTOR (A) ENTERPRISE SHARE AND (B) VA SHARE BY REVENUE SIZE, 2020**



## Decrease in Value-Added in 2020, But No Halt on Increase in Number of Enterprises

From 2015 to 2020, the number of enterprises in the services sector increased steadily from 178,100 in 2015 to 211,400 in 2020, at a compound annual growth rate (CAGR) of 3.5 per cent (Chart 2). Throughout this period, the proportion of small enterprises remained stable at around 96 per cent, while large enterprises accounted for about 1 per cent of the total enterprises each year.

**Chart 2**  
**NUMBER OF ENTERPRISES BY REVENUE SIZE, 2015-2020**

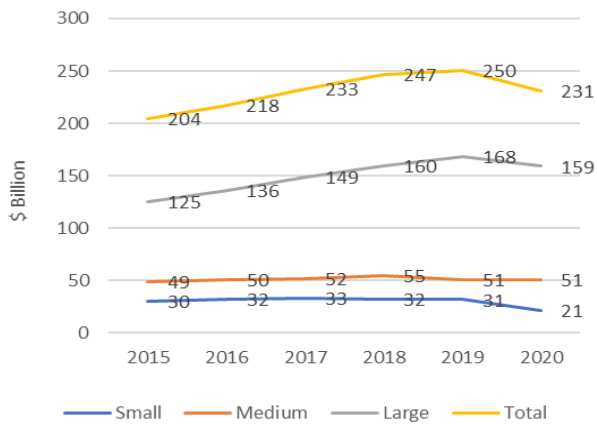


In terms of VA, the services sector registered a CAGR of 2.4 per cent from 2015 to 2020, reaching \$231 billion in 2020 (Chart 3). This growth was led by large enterprises, whose VA increased at a CAGR of 4.9 per cent over the period. Amidst the COVID-19 pandemic, VA of the services sector decreased 8 per cent in 2020 compared to 2019. Whilst enterprises across all size segments contributed to the decrease, the impact on small enterprises was most pronounced as their VA fell 34 per cent, from \$31 billion in 2019 to \$21 billion in 2020.

1 Excludes Finance & Insurance and Public Administration activities.

2 Small enterprises are defined as enterprises with operating revenue not exceeding \$10 million. Medium enterprises are defined as enterprises with operating revenue greater than \$10 million but not exceeding \$100 million. Large enterprises are defined as enterprises with operating revenue greater than \$100 million.

**Chart 3**  
VA BY REVENUE SIZE, 2015-2020



### Breakdown by Services Industry

#### Wholesale Trade and Business Services Were the Largest Contributors to Enterprises and Value-Added

In 2020, over two-thirds of enterprises in the services sector were in the Business Services, Wholesale Trade and Recreation, Community & Personal Services industries. In terms of VA, the major contributors were the Wholesale Trade (36 per cent), Business Services (25 per cent) and Transportation & Storage (12 per cent) industries, making up almost three-quarters of total VA in the services sector (Chart 4).

#### Proportion of Small Enterprises in 2020 Exceeded 90 Per Cent in All Industries Except Accommodation

The proportion of small enterprises in 2020 exceeded 90 per cent for all services industries except Accommodation, where small enterprises contributed 77 per cent. Consequently, the Accommodation industry had the largest share of medium enterprises

(22 per cent) compared to the rest of the services industries (Chart 5).

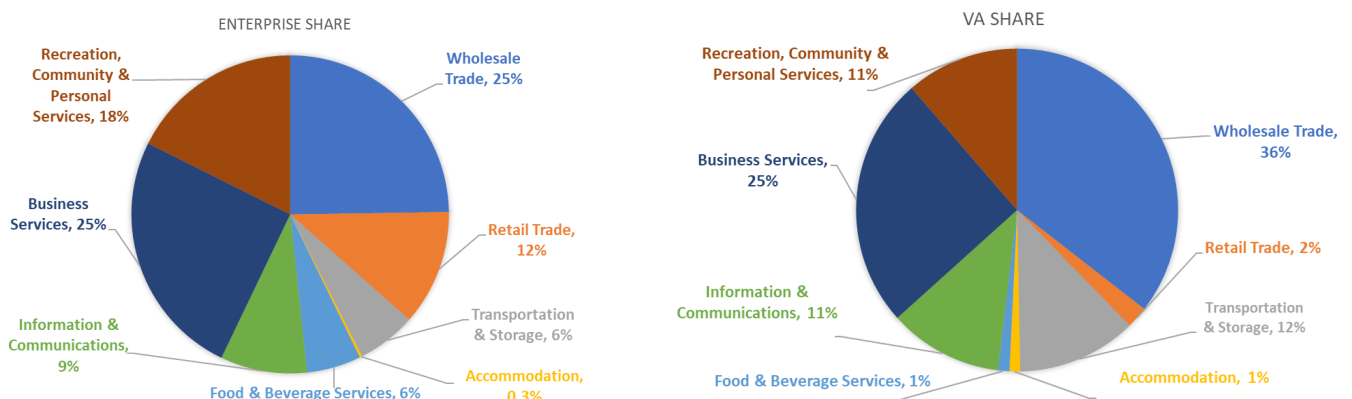
#### Majority of Value-Added Was Contributed by Large Enterprises, But Medium and Small Enterprises Made Substantial Contributions in Some Industries

In terms of VA, large enterprises contributed the majority of the services industries' total. Large enterprises accounted for over three-quarters of VA in the Wholesale Trade, Information & Communications and Transportation & Storage industries in 2020. However, for the Accommodation and Food & Beverages Services industries, medium enterprises contributed the largest share of the respective total VA.

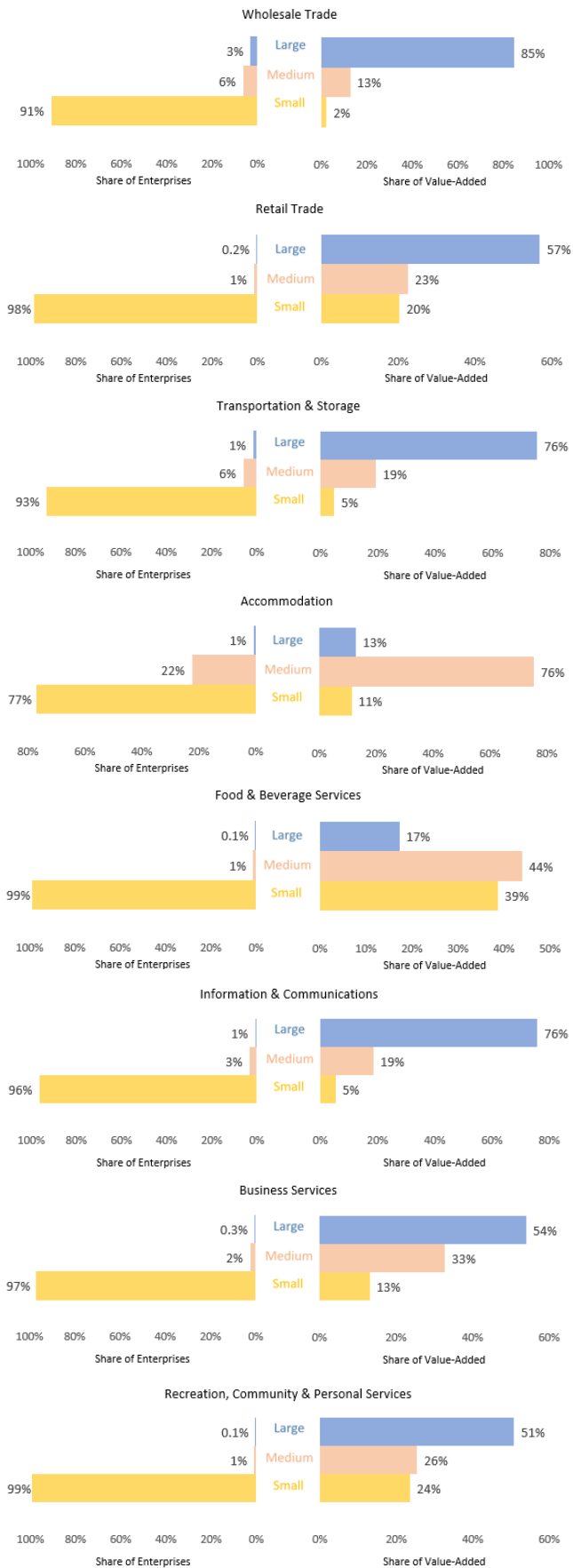
In 2020, medium enterprises contributed 76 per cent of the Accommodation industry's VA. This was an increase compared to 2019, when medium enterprises contributed slightly over 50 per cent of the industry's VA. Due to global travel restrictions, several large hotels with annual revenue of over \$100 million pre-COVID saw their revenue fall below this threshold in 2020. Consequently, they were classified as medium enterprises in 2020, having been large enterprises in 2019. This contributed to a fall in the VA share of large enterprises and a corresponding increase for medium enterprises in the Accommodation industry.

Amongst the services industries, the highest contribution to VA by small enterprises was seen in Food & Beverage Services (39 per cent), while large enterprises contributed less than one-fifth of the industry's VA in 2020. This could be attributed in part to the fact that most firms in this industry were relatively small in terms of revenue.

**Chart 4**  
ENTERPRISE SHARE AND VA SHARE BY INDUSTRY, 2020



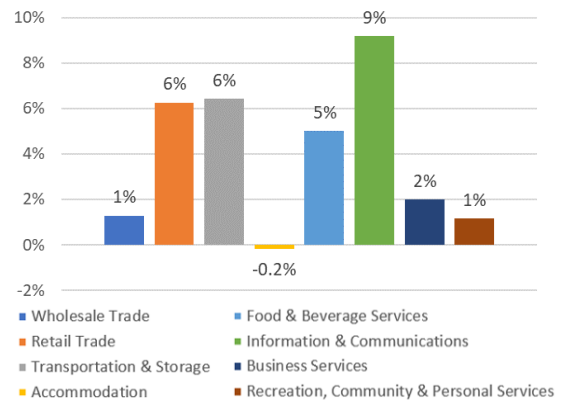
**Chart 5**  
**ENTERPRISE AND VA SHARE**  
**BY SERVICES INDUSTRY, 2020**



### Increase in Enterprise Count for Most Industries in 2020, Due Mainly to Increase in Number of Small Enterprises

In 2020, the number of enterprises increased in all industries except Accommodation (Chart 6). This was driven by a rise in the number of small enterprises across all services industries (Chart 7). Whilst the number of medium and large enterprises fell in most industries when revenues were dampened by the COVID-19 pandemic, the opposite was observed in the Information & Communications and Wholesale Trade industries.

**Chart 6**  
**YEAR-ON-YEAR PERCENTAGE CHANGE**  
**IN NUMBER OF ENTERPRISES BY INDUSTRY, 2020**

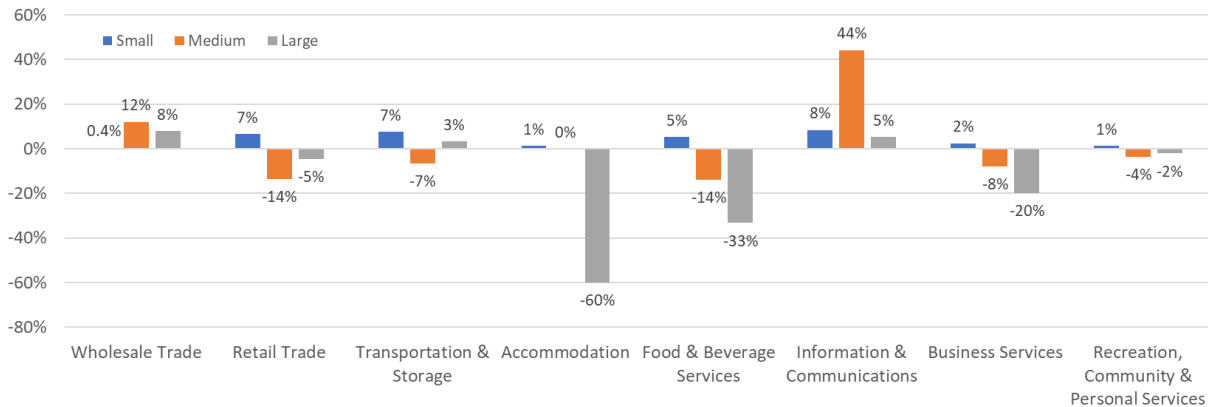


### Weaker Performance in 2020 for Most Industries in Terms of Value-Added, But Medium and Large Enterprises in Information & Communications Benefitted

All services industries apart from Information & Communications saw year-on-year declines in VA in 2020 (Chart 8). VA of small enterprises contracted by over 20 per cent across all industries. Medium and large enterprises registered declines in VA for all industries except medium enterprises in Wholesale Trade, as well as medium and large enterprises in Information & Communications (Chart 9). Notably, VA of large enterprises in the Accommodation and Food & Beverage Services industries fell 79 per cent and 49 per cent respectively in 2020. These industries were impacted significantly by COVID-19 measures such as global travel restrictions and restrictions on group sizes for dining in.

Medium-sized wholesalers registered a year-on-year growth of 39% in 2020, attributed to wholesalers of machinery & equipment. These wholesalers saw an increase in demand for computers and electronic components used in computer hardware and telecommunications devices, as more people worked from home to contain the spread of COVID-19.

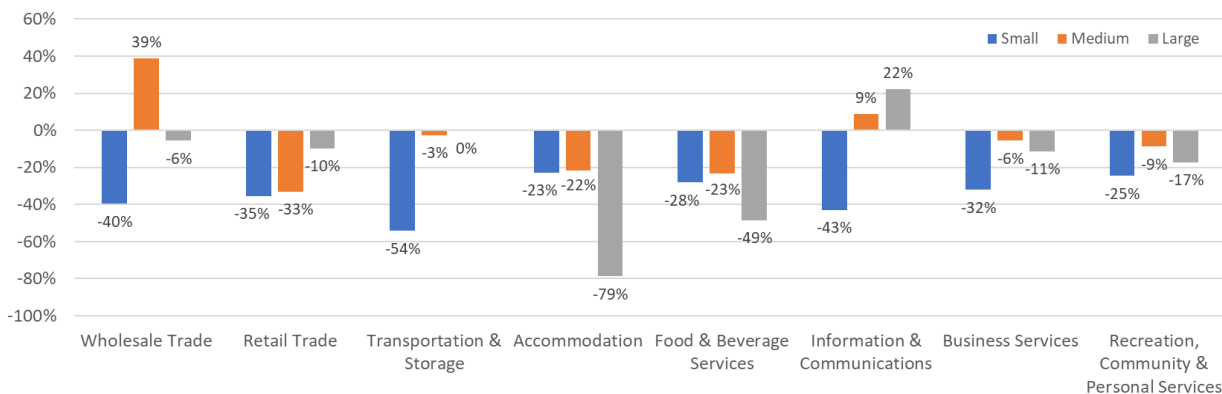
**Chart 7**  
YEAR-ON-YEAR PERCENTAGE CHANGE IN NUMBER OF ENTERPRISES  
BY INDUSTRY AND REVENUE SIZE, 2020



**Chart 8**  
YEAR-ON-YEAR PERCENTAGE CHANGE IN VA BY INDUSTRY, 2020



**Chart 9**  
YEAR-ON-YEAR PERCENTAGE CHANGE IN VA BY INDUSTRY AND REVENUE SIZE, 2020



Within the Information & Communications industry, medium and large enterprises grew by 9 per cent and 22 per cent in 2020 over 2019 respectively. Enterprises such as online marketplaces and game publishers enjoyed higher demand in 2020, as safe management measures led to an increase in online shopping and demand for homebound entertainment.

## Conclusion

While small firms formed the bulk of the enterprises in Singapore's services sector, large enterprises accounted for the majority of the sector's VA, contributing almost 70 per cent in 2020. This was largely reflected in the composition of the individual

services industries, except Accommodation and Food & Beverage Services, where medium enterprises contributed the largest share to the industry's VA.

Amidst the COVID-19 pandemic, VA of the services sector decreased 8 per cent year-on-year in 2020. Lower VA was seen in all services industries except Information & Communications, in which large and medium enterprises made gains due largely to the work from home measures implemented in 2020. Conversely, the number of enterprises in the services sector continued to grow, rising 3 per cent year-on-year. This trend was also consistent across the services industries in 2020, except Accommodation which saw a slight fall in enterprise count.