SINGAPORE: Employees can help play a key role in making corporate governance work, according to experts who spoke to Channel NewsAsia on the sidelines of a conference.

They said corporate governance can boost share prices and create happy shareholders.

US-based Stern Stewart & Company helps its clients put into place what it calls an 'Economic Value Added' (EVA) management system.

It gives employees a greater level of participation in the goals and direction of the company through performance-related bonus benefits and staff training.

Stern Stewart said this in turn creates greater transparency within the organisation, which translates into a higher level of corporate governance.

Joel Stern, Chairman & CEO, Stern Stewart & Co, said: "EVA is a way to measure performance and to prioritise on new investments, and if a firm's EVA is growing, it creates value for the shareholders. In other words, if you create a positive EVA and the EVA is growing, management will not have to worry about unfriendly takeovers."

Stern Stewart said it may take anywhere between six months and three years to effectively incorporate methods of corporate governance into a company, depending on the staff strength.

Other experts suggest that having a wider range of skills on company boards could also work towards more effective governance.

Annie Koh, Dean of Executive Education, Singapore Management University, said: "I would like to see a board that has greater diversity, with someone who might be very strong in finance, and another who is legally trained..."

"We're always trying to justify to the board when we are spending more money, when we are investing in this or that, so if there is a value-based management system which everyone understands at the end point, it will create more shareholder value."

Companies are increasingly aware of the need for greater corporate governance following some high-profile accounting scandals in recent years.

- CNA/so