

## **Case Study of Accounting “Modern Apprenticeship” in Vocational School in China**

### **Author**

Li Jiao <sup>1\*</sup>, Man Li<sup>1</sup>, Lei Su<sup>1</sup>

### **Affiliations**

Shandong Institute of Commerce and Technology, Jinan, Shandong, China

### **Corresponding authors**

Li Jiao ([yuanyjiao@gmail.com](mailto:yuanyjiao@gmail.com)). Shandong Institute of Commerce and Technology, Jinan, Shandong, China, 250100

### **Abstract:**

Combined well-structured vocational education with on-the-job training and work experience, "modern apprenticeship" successfully replaces "traditional apprenticeship", and grows rapidly in many developed countries such as the UK, Germany, Australia and New Zealand. In recent years, "modern apprenticeship" model has achieved growing attention and introduced to scientific fields in China. However, “modern apprenticeship” model in business major is still on the exploratory stage. Very few references and experience can be used to guide “modern apprenticeship” design and implementation. In this article, we introduced the successful case of “modern apprenticeship” training in accounting major in vocational school in China. Our case can provide useful information for “modern apprenticeship” training development and expansion in China.

Key words: Modern Apprenticeship    Accounting Major    Vocational School

### **1. Current status of accounting “modern apprenticeship” system in vocational school in China**

In China, the vocational schools usually provide 3-year accounting program including school-based education and practical training. First- and second-year students are required to take basic and professional courses, and third-year students will enroll in practical accountancy training. The practical training takes place in both school laboratories and firms. The accounting laboratory specializes in providing students with the practical work experience, knowledge and skills required for accountancy employment. Under the instructions of professional school faculties, using examples designed to mirror the daily accounting practice, students will complete the entire accounting activities, including original vouchers review and compilation, bookkeeping, account audition, trail balance report and other accounting documents report. At the end, all the manually processed data will be put into corresponding financial software, and organized into the

computerized accounting data. School-based lab training deepens student's knowledge of manual and computerized accounting and helps students become familiar with working procedures. This school-based training usually takes half a semester or longer.

### **1.1 Issues in Apprenticeship implementation in China**

Although school-based training does teach useful or marketable skills, gap still exists between the skills learned in the classroom and those used on the job. By actually incorporating education into real working situations, "modern apprenticeship" appears to bridge this intellectual gap between school and work, promoting a more interactive flow of information between school and workplace. However, there are three barriers stand in the way of the development of "modern apprenticeship" system in China: job position, on-the job learning quality, and employer participation.

#### **1.1.1 Job position**

College graduates in China are facing a tough reality when they hit the job market. In 2013, more than 7 million students graduated in China. Of these, more than 100,000 college students graduated from accounting major. The number would be larger if overseas students are counted. According to the 2013 Chinese College Graduates' Employment Annual Report released by MyCOS, an education consulting and research institute in Beijing, only 71.9% of graduates got job contracts within 6 months of graduation (MyCOS Research Institute 2013). Although accounting is indicated as one of the safer jobs to have, accounting major graduates are facing the job position shortage problem.

#### **1.1.2 On-the job learning quality**

On-the-job training is a crucial part of "modern apprenticeship" and is of great value for the apprentice as it aids students gain "on-the-job" skills and improves their employability. However, most enterprises in China don't or reluctant to provide "real" job-related training. Most accounting major students act as data-entry clerk without exposure to the core of accounting works because financial recording, business analysis and processes, auditing are confidential in the company. Without proper and adequate on-the-job training, there will not be enough skilled accountants to meet demand in the future, particularly in some specialist areas (Liu et., 2011). More attention should be paid to design, monitor, evaluate and improve on-the job learning.

#### **1.1.3 Employer participation**

The success of "modern apprenticeship" is rooted on the employer participation. However, some employers will not be willing to participate because they feel that the apprenticeship introduces additional costs through time taken up in supervision and assessment and amount of time apprentices were engaged in unproductive tasks. What could be done to draw in employer? Reducing the cost of apprenticeship is one solution. However the current "training" wage is very low. Keep lowering wages will affect trainees' working enthusiasm and can't solve the problem.

Direct subsidies to enterprises may encourage the enterprises' participation in "modern apprenticeship". Perhaps most important, the "modern apprenticeship" system should be trusted by employers. If employers can expect a large number of skilled accountants to fill in the jobs right after "modern apprenticeship" training, they will have more interest in participating. To stimulate enterprise involvement, schools should strengthen cooperation with employers to design the training system together to strengthen and improve its quality (Li 2011).

Thus, to achieve a win-win situation between companies and institutions is the key to solve the problem.

## **2. Case of "modern apprenticeship" model in China**

### **2.1 Accounting education at Shandong Institute of Commerce and Technology (SICT)**

Shandong Institute of Commerce and Technology (SICT) is a provincial vocational college, belonging to the Ministry of Education. After many years of development, SICT has turned into a National Exemplary TVET (TAFE-delivered vocational education and training) institute and National Advanced Unit in Vocational Education. SICT launched accounting education in 1936. With "employment-oriented", "quality-centered" and "ability-based" as the guideline, the accounting school has developed National-level Quality courses of Excellence, and was awarded "National-level Excellent Teaching Achievement". As "the National Experimental Teaching Demonstration Center", SICT combines learning with working creatively, and has strong school-enterprise cooperation, which makes accounting graduates adaptable and employable in the labor market. The quality of graduates gets high social approval. For five consecutive years, graduate employment rate remains over 96%.

### **2.2 "Modern Apprenticeship" programme in SICT**

Grace Inn is an economy chain hotel brand under the management of Shandong Inzone Tourism Group. It expands rapidly. This economy chain hotels have more than 180 hotels in operation nationwide and will open 300 chain hotels by 2015.

In February 2012, Grace INNs and SICT signed a school-enterprise cooperation agreement to establish "Financial Sharing Center" to pilot "Modern Apprenticeship" model. In the pilot programme, SICT provided 100 meters of office space and Grace INNs invested training equipments totaled over 300,000 RMB yuan. Grace Inns outsourced and entrusted accounting work of over 100 chain hotels to SICT. In the Financial Sharing Center, the third-year accounting major students provide basic accounting functions (bookkeeping, accounts payable & receivable, etc.) under the guidance and supervision of accounting faculties and company's senior accounting personnel. By outsourced accounting jobs to SICT, Grace Inns save over 600,000 RMB yuan per year by avoiding investment in office space, expensive recruitment and training. Moreover, by keeping very few accounting professional responsible for management accounting and strategic functions (analysis, planning, etc.), Grace Inns would focus on their main or core operations,

maintain their competitive advantage, improve efficiency, and consequently increase profits. In the pilot programme, accounting students can gain experience in auditing and taxation, develop accounting skills, and become familiar with the work environment as well as the culture of business, which drive working style. For this reason, accounting trainees develop an understanding of working in a professional atmosphere as well as developing working relationships with other accounting professionals. Since established in 2012, Financial Sharing Center has provided large numbers of qualified accountants to meet the high demands of entry-level accountants due to company rapid growth. Meantime, the center helps students successfully transit into valuable employee in today's labor market. Therefore, "Modern Apprenticeship" model matches accounting students knowledge and skills with labor market needs as well as the employers' requirements, benefiting both employers and university students.

### **2.3 The implementation of "Modern Apprentice" training**

#### 2.3.1 Personnel structure

3 accounting faculties from SICT and 5 senior accounting specialists from Grace Inn constitute supervisory committee, providing guidance and technical expertise to accounting students to ensure that the training meets the accounting labor market demand. In their final year of study, students with excellent academic records and show interest in professional training will be selected to receive training in the Financial Sharing Center. The on-the job training will last 6 months. A typical work day for accounting trainee may consist of the school educational courses in the morning and on-the job training in the afternoon. The training covers accounting practices including analyzing audit figures, posting checks, preparing invoices, verifying daily revenue, and preparing balance sheets. Through the apprenticeship model, accounting students gain practical knowledge and become familiar with employer regulations and culture. The transition from "students" to "trainees" improves students' employability.

#### 2.3.2 Apprenticeship training schedule

2.3.2.1 Every Monday, accountants from Grace Inns collect and classify invoices, credit memos, purchasing documents and other financial documents from last week business operation and deliver these information to the center. Under guidance and supervision, students perform accounting duties including accounts receivable & payable and payroll.

Every week:

Students need to finish weekly accounts receivable (receive and verify invoices; prepare and process invoices, total, classify and post to appropriate accounts and files)

Every month:

1) Day 1: Finish month-to-date accounts receivable

2) Day 2: Compile, tabulate and assemble data to produce a variety of end-of-month financial statements, and bank reconciliation

3) Day 15: Gather, tabulate and prepare tax forms

#### 2.3.2.2 Review process

Each Monday, supervisory committee in the center review weekly financial statements and reports completed by trainees to assure compliance and accuracy of financial information. Errors will be discovered and corrected prior to recorded in a company's accounting ledger.

#### 2.3.2.3 Compiling and binding process

Before the 10<sup>th</sup> of each month, company financial documents from last month business operation will be compiled and bound up into files in accordance with company policy. all these financial files will be submitted to company accounting department for recordation.

#### 2.3.2.4 Trainees management and evaluation

To ensure the success of training, "Financial Sharing Center" sets up strict policies and procedures to valuate the trainees' performance. The evaluation form include 9 categories (each 100 points) (Table 1): attendance and absence; working attitude; voucher filling and binding; department income statement; financial statements; bank reconciliations; online tax forms; accounts' balance analysis and accounting documents binding. Evaluation will consider the quality and timeliness of the work. At the end of training, each trainee is given a total score based on a weighted average for each category.

For example, "Training Attendance and Absence" : student trainees are expected to present during work days and sign Log of Hours under the company regulations. Checking in late or checking out from school early results in 5 points deduction from total points each time. Non-emergency absence leads to 50 points loss. More than twice absence without notice may separate students from training. Requesting time off for personal reasons should be kept to a minimum and must be approved by both the site supervisor and the intern coordinator.

"Working attitude" will evaluate trainees motivation, enthusiasm, responsibility, and professionalism. Enthusiastic trainees have initiative and motivation to get the job done in a timely and professional manner. Trainees can not complete projects on time will lose 10 points. After supervision, trainees still let uncompleted projects pile up will lose 20 points.

" Voucher" is highly evaluated in the form. In computerized accounting systems, we record transactions through voucher entry. A voucher contains details of the transaction. Trainees are expected to input voucher transactions in a timely and accurate manner to avoid follow-up projects pile up. Trainees need to finish daily voucher entry and makes corrections as required. Delayed voucher entry results in a deduction of 5 points from total grade. Delayed corrections cause 5 points loss per day. Evaluation of voucher entry quality is based on the rate of errors, 2 points for each error. If one error continuously happens for more than 3 times, the penalty will be doubled.

This daily and monthly evaluation makes the trainees clarify their responsibilities and improve their professionalism.

### 3. Outlook

Through the close collaboration with enterprise, SICT successfully established the accounting “Modern Apprenticeship” system in the financial sharing center. In the center, supervisory committee from SICT and enterprise are responsible for management and evaluation in the training program. The training quality and effectiveness are periodically and jointly inspected. This training system allows for learning to take place in a vocational school and in an enterprise concurrently, therefore promotes the linkage of vocational training to the world of labor work. Practical training in the center aids students in the transition from education to the labor market. Students pass the training evaluation will obtain school graduation diploma and professional qualification certificate. Moreover, students with excellent performance in the training program may become employee of the enterprise. However, this program is not ideal and some issues need to be improved:

- 1) Expanding the modern apprenticeship programme. This system improves trainees employability. However, due to financial and other limitations, only few students can obtain this work-based training in the center. More opportunities should be offered to make more students benefit from this programme.
- 2) Increasing wages for apprentice. In the center, the students need to work on the school education and training concurrently. They have to stand more pressure and work more hours than normal school students. Although they are paid with wages, the low wages can't make the ends meet. To improve trainees's enthusiasm and increase training effectiveness, the trainees's wages should be raised if their training and school performance is satisfactory.
- 3) Attracting a wide range of employers: In the center, single hotel accounting training can't meet students' potential and professional development needs. School should try to encourage more employers to make use of this programme to help deliver meaningful employment and training for young people, and help students successfully transit from “students” to “apprentice” and finally to “potential employee”.

#### **4. References**

Liu Y ., & Xu J. (2011). Analysis of the higher demand for accounting professionals. *Studies of Finance and Accounting in Education*, 22(5), 56-60

Li YJ., (2011). School-enterprise cooperation promotes foreign apprenticeship development. *Vocational and Technical Education*, (18), 68-71

MyCOS Research Institute, (2013) “Chinese College Graduates’ Employment Annual Report 2013. *Social Sciences, Academic Press.*

Table 1:  
 “Financial Sharing Center” trainee monthly work evaluation form

Evaluation Items		Date and Score						
		1st	2nd	...	10th	...	31st	Memo
Attendance 10%								
Attitude 10%								
Vouchers 20%	Completion time							
	Completion quality							
Department Income Statement 10%	Completion time							
	Completion quality							
Financial Statements 10%	Completion time							
	Completion quality							
Bank Reconciliation 10%	Completion time							
	Completion quality							
Online Tax Form 10%	Completion time							
	Completion quality							
Accounting Balance Analysis 10%	Completion time							
	Completion quality							
Accounting Documents Bind and Custody 10%	Completion time							
	Completion quality							
<b>Total</b>								
<b>Monthly Comprehensive Evaluation:</b>								