

Survey of Corporate and Freelance Members Regarding Payment Practices

By Dorothee Racette and Jiri Stejskal

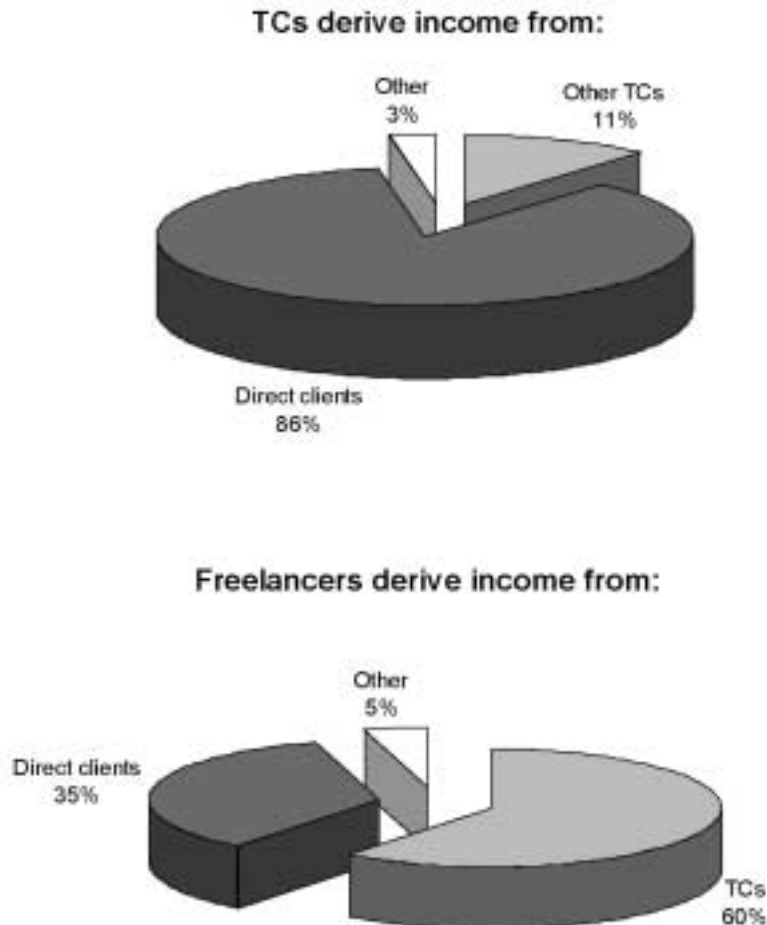
How fast should I get paid for my work? What if I don't get paid at all? How do I know the translation company that just contacted me is trustworthy? Freelance translators often ask these questions, only to find that the answers are not readily available. Conversely, translation companies may ask: How fast should we pay our freelancers to keep them happy without jeopardizing our cash flow? Should we pay a freelance translator who delivers late or delivers a sub-standard translation? To answer these and other questions, ATA recently conducted a survey of payment practices among its members.

The issue of payment practices frequently comes up in discussions among

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ATA members. Not surprisingly, it is one of the primary concerns of freelance translators working as full-time independent contractors. At its November 2004 meeting in Toronto, ATA's Board of Directors resolved to revisit the issue of the association's role in payment disputes between its members. To gauge the actual interest in such efforts as well as the severity of the problem for the membership, the authors of this article, with the assistance of other ATA Board members, developed a Web-based survey of payment practices among ATA members.

Figure 1: Source of Revenue



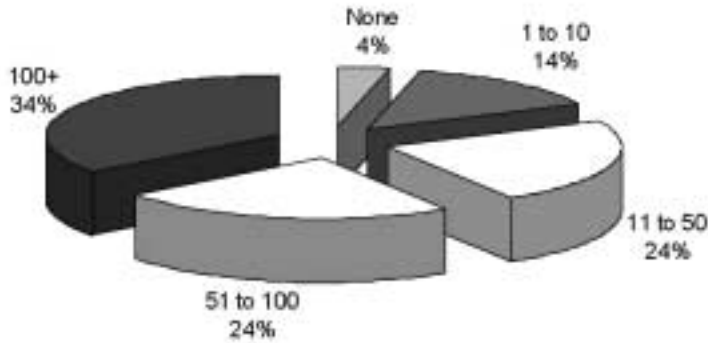
The survey was distributed in February and March 2005, in time to present the results at the annual conference of ATA's Translation Company Division (held in April in Philadelphia). We polled a group of corporate members (474) and a group of randomly selected individual members (503). The response rate was 18% (86 respondents) for corporate members and 22% (112 respondents) for individual members.

Given the statistically significant number of responses, we now have a representative set of data that enables us to answer some of the most

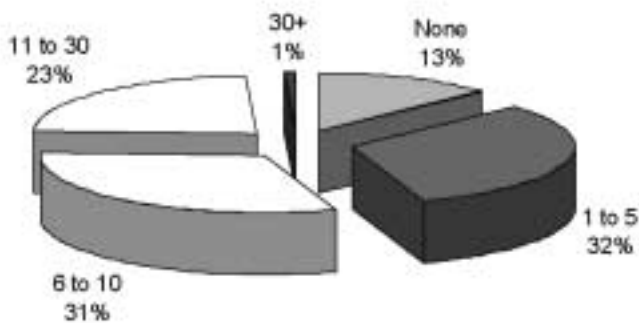
pressing questions. For reasons of data clarity, the freelance part of the survey only considers translators, not interpreters. This was primarily driven by the desire to keep the data as simple and straightforward as possible, and certainly does not mean the association is overlooking the concerns of interpreters. The following summarizes the results of the survey. Translation companies are abbreviated as "TCs" and "freelancers" represent individual translators who work for translation companies or direct clients on a regular basis. ➔

Figure 2:

Number of freelancers that TCs work with:



Number of TCs that freelancers work with:



Work Experience and Working Relationships

- Number of years in business: The majority of respondents reported that they had been in business over 10 years (58% for TCs, 50% for freelancers).
- Source of revenue: TCs derive 86% of income from direct clients; freelancers derive 60% of income from TCs. Please note that at the end of this article we provide URL links to summary results available

online. For questions 2 and 4 in the online results, the total percentages (i.e., corresponding fractions of the entire sample) are not given, but rather average percentages (i.e., average responses for each category). The total percentages were computed separately and are presented in this article.

- In the past 24 months, most TCs (34%) worked with more than 100 freelancers, and most freelancers (32%) worked with 1-5 TCs.

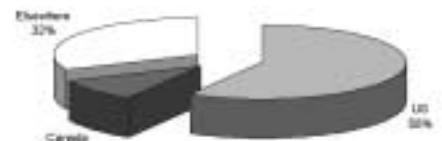
- Most TCs worked with a variety of freelancers from different countries, but reported that the majority (58%) of their freelance contractors lived in the United States. In turn, freelancers reported that more than three quarters of the TCs they worked for are in the United States.
- Most TCs didn't know whether the freelancers were ATA members, and most freelancers didn't know whether the TCs were ATA members. This is an interesting finding, as it points to the lack of awareness on both sides.

Payment Practices: Part I

The first part of the survey was designed to make comparisons between the opinions of TCs and freelancers. For this reason, questions in Part I were identical for both groups. As the responses revealed, the two groups diverge most on the issue of ATA's much-discussed policy of non-involvement in commercial disputes among members (see ATA's policy on

Figure 3:

TCs work with freelancers in:



Freelancers work with TCs in:

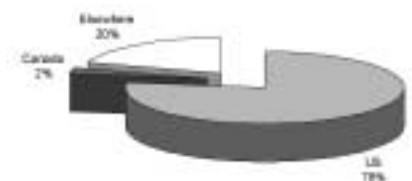
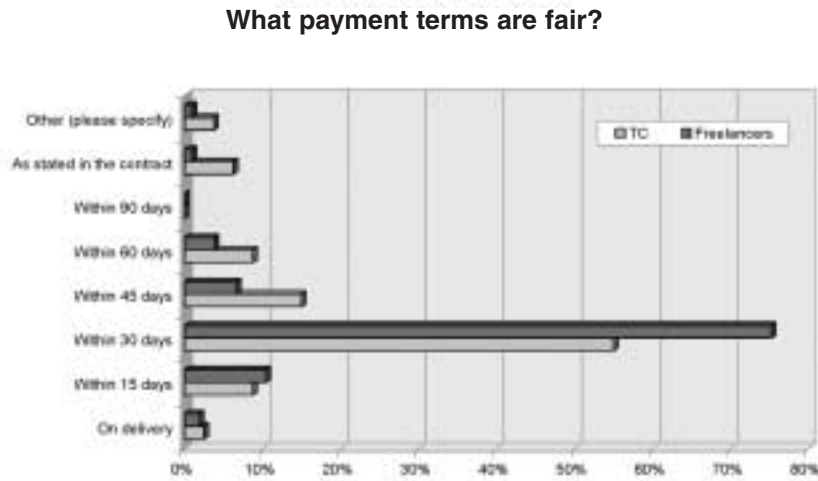


Figure 4: Preferred Payment Terms



page 16). The responses to the individual questions offered some very interesting information, and the highlights are summarized below.

- Preferred payment terms: The majority of TCs and freelancers agree that a freelance translator should get paid within 30 days of the translator’s invoice.
- Delivery of substandard work: Both TCs and freelancers agree that a TC should not have to pay in full a freelance translator who delivered substandard work or delivered it late.
- Contractual language for arbitration/mediation: The vast majority of TCs (78%) and freelancers (93%) do not include an arbitration or mediation clause in their contracts. This is another area that deserves a closer look in conjunction with the dispute resolution issue.
- ATA’s non-involvement policy: Most TCs (61%) and most freelancers (77%) do not know the reasons for ATA’s policy of non-

involvement in commercial disputes among its members. This policy (see page 16) is available online in the members only section of ATA’s website (www.atanet.org/membersonly). Clearly, it would be beneficial to communicate this policy to all members more effectively.

- Changes to the non-involvement

policy: This question revealed the largest discrepancy in opinion between the two groups. While most TCs (82%) think that ATA should not change its policy of non-involvement, a majority of freelancers (62%) would like ATA to change its policy.

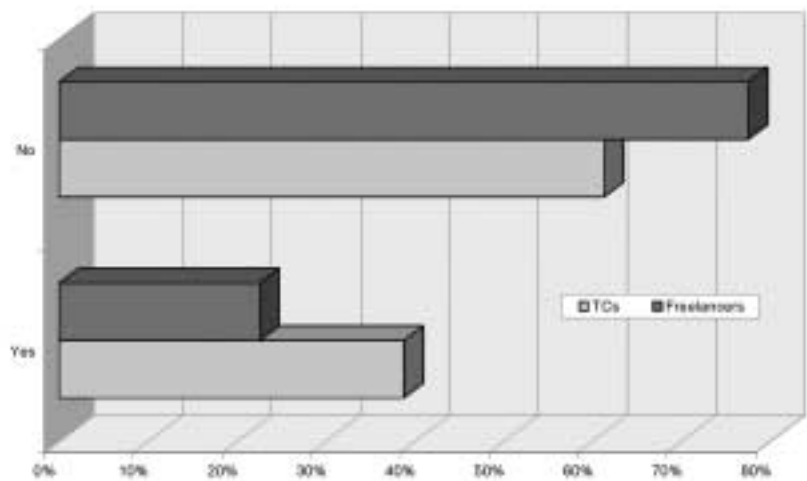
- Most TCs and most freelancers did not offer any specific suggestions for ways in which ATA could help resolve commercial disputes. However, several respondents for both TCs and freelancers came up with the following suggestions:

Quotes from Translation Companies:

- “Professional mediation.”
- “Publish a code of good practice that both parties can agree to be bound by at the outset.”
- “ATA can come up with fair and impartial standards for payment, and might have a list of linguistic ‘arbitrators’ that members could hire if needed.”

Figure 5: ATA’s Non-involvement policy

Do you know the reasons for ATA’s non-involvement policy?



Survey of Corporate and Freelance Members Regarding Payment Practices Continued

- “Form a mediation board made up of corporate and freelance members. Decisions could be binding or not, or could end up in a referral to a court. You might have to compensate members a nominal fee.”
- “Set up an arbitration committee based on the fact that ATA is a translator certification body.”
- “A system of referral to third-party arbitrators/mediators should be investigated.”
- “Create some sort of way to report bad business practices that is accessible to all members, following a structure similar to a Better Business Bureau report or credit history report.”
- “As a professionally qualified third party arbitrator.”

Quotes from Freelancers:

- “In the past, I once received help from the Ethics Committee chair, who contacted an agency on my behalf. This can be sufficient without incurring legal liability.”
- “Operate as an arbitrator, in which case you would not be liable. Just like the Canadian associations do.”
- “Education, mediation, arbitration.”
- “Ethics should be the basis for intervention.”
- “Simply backing the translator with a letter of support would make a difference.”
- “Have both parties sign waivers of ATA responsibility.”
- “The translation work should be

challenged only by individuals who are competent, tested, qualified, experienced, and who hold valid credentials.”

- “By mediating and issuing an opinion.”
- “Offer arbitration that translators and agencies/companies can use.”
- “Publish the name of translation agencies that have been found to be at fault in disputes, either in the *Chronicle* or online.”
- “Allow publication of non-payers.”
- “Perform a quality check.”
- “Provide an independent evaluator.”
- “Simply establish a black list of bad payers as reported by translators, possibly with ratings such as done by Dun & Bradstreet.”
- “By giving binding advice, after both parties have agreed that this advice is binding. (This is a regular practice in Holland.)”
- “ATA should take part in a mediation process between the translator and the translation bureau. The Ethics Committee seems to be only an advisory body. Translators want to feel they are being represented.”
- “Allow members to publish names and addresses of companies with which they have had problems.”
- “A non-binding arbitration through ATA.”
- “Keep a list of poor paying companies. This way, commercial disputes can be avoided.”

- “If the translator was not at fault in any way, offer to contact the company to offer assistance to mediate.”
- “Provide links/info of resources (legal firms, attorney, legal advise services, etc.)”
- “In disputes over quality, before resorting to court, ATA’s opinion could be sought to verify whether the accusation was true. Payment or other measures could be determined accordingly.”
- “Legal help, resources, information, establishing a voluntary arbitration that could help solve disputes if both parties agree.”
- “Keeping a list of bad payers to protect the interests of freelance translators/interpreters.”

Payment Practices: Part II

The second part of the survey featured specific questions that were pertinent to the work reality of each of the groups. Summary responses to Part II are discussed below.

Translation Companies

This section included questions that were specific to TCs.

- ATA membership status in the case of substandard work: Most TCs reported that in the majority of cases, the translators who delivered substandard work in the past 24 months were not ATA members, or else only a small fraction of them were. Again, a large number of TCs did not know whether the translators were ATA members.

Figure 6:
TCs on policy change:



Freelancers on policy change:



- Most translators typically wait 15 days before they notify a TC about a delay in payment.
- The majority of translators eventually received full payment in all instances. This underscores the fact that payment issues are more focused on late payment than an outright failure to pay, and that much of the problem lies in the time spent on collection efforts.
- ATA membership status in the case of work delivered late: Most TCs reported that they did not know whether the translators who delivered late were ATA members. The second largest group reported that 1-25% of translators who delivered their work late in the past 24 months were ATA members.
- In cases when substandard work was delivered by a freelancer, most TCs paid the invoice, but informed the translator that he or she had provided substandard work.

Freelance Translators

This section included questions that were specific to freelance translators.

- Most translators did not know whether TCs who had delayed payment past the agreed payment terms in the past 24 months were ATA corporate members.
- If a payment was not made as agreed, most translators' first action was a friendly reminder by phone and/or e-mail.

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The last question for both TCs and freelancers referred to the proportion of "disputes" that would have benefited from action by a neutral third party. Most TCs responded that none of the disputes were fit for outside involvement, while most freelancers thought this question irrelevant.

Conclusions

The issue of payments has long divided the two groups within our association. It is most certainly a frequent topic of conversation among free-

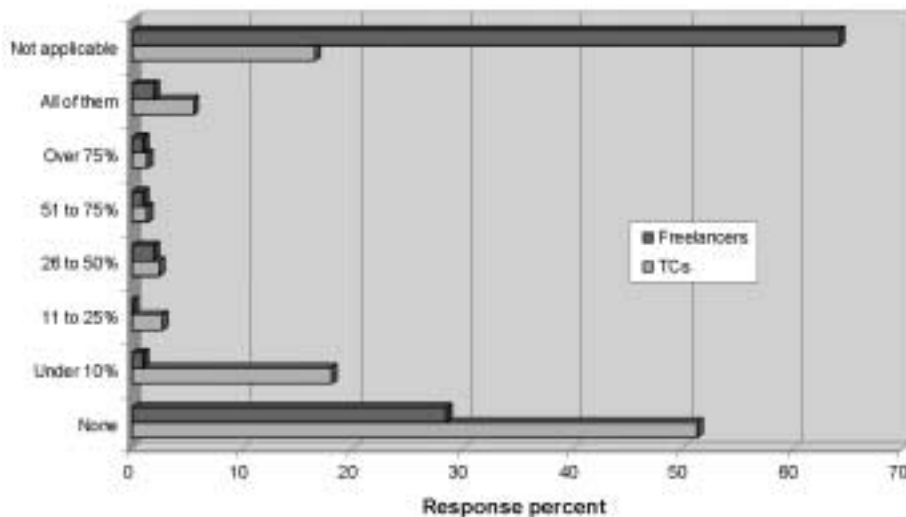
lancers. According to the survey results, 60% of income among freelancers is derived from orders placed by TCs. This type of work arrangement makes delayed payment much more significant, as income does not come from a wide range of sources, and attempts to collect consume time that cannot otherwise be used productively. On the other hand, corporate members are grappling with problems of substandard work and quality shortcomings. Most report having multiple serious quality problems in the past 24 months, and have also seen a sizable number of assignments that were handed in late. Many of the individual open-ended responses suggest instituting an arbitration mechanism.

Interestingly, very few translation companies and freelance translators include clauses to govern arbitration or mediation in their contracts. The American Arbitration Association recommends the inclusion of an arbitration

Continued on p.17

Figure 7: Arbitration

What proportion of disputes would benefit from action by a neutral third party?



The American Translators Association and Commercial Disputes Between Members

All members of the American Translators Association (ATA), by the act of joining the association, agree to abide by the ATA Code of Professional Conduct and Business Practices.

In addition to the principles outlined in the Code, ATA encourages all its members to follow established business practices. Such practices include exercising due diligence and good business judgment before accepting or offering work by verifying that the prospective client or vendor has a satisfactory business record and qualifications with reasonable expectation of satisfactory future performance.

ATA recognizes that, even with due diligence, commercial disputes between members will sometimes arise. It is the policy of ATA not to undertake to resolve or publicize such disputes for the following reasons:

1. Publicizing alleged cases of non-payment by members would not only require ATA to review such cases and make a finding of improper action, which is not feasible for lack of expertise and resources, but could also open ATA up to potentially expensive and damaging litigation if such cases were publicized on incorrect or insufficient grounds of evidence.
2. The Board of Directors is obligated to allocate ATA resources in a way that maximizes the return to members on the investment they make in joining. Pursuing a policy of intervention in commercial disputes would require us to set aside financial resources to cover the potential legal costs, and to curtail other programs of established benefit to members.
3. If ATA were to adjudicate commercial disputes involving claims of non-performance on the part of translation companies, fairness would dictate that it also adjudicate disputes involving claims of non-performance by individual translators and interpreters. To do so, ATA would have to determine whether a translator's or interpreter's work for pay meets professional standards, a function ATA is not prepared to undertake.

The ATA Ethics Committee is ready to consider cases in which a member has been convicted of a felony or other crime of moral turpitude in a court of law, cases of alleged impropriety in the conduct of association business, and other cases properly brought before it under Article III, Section 6 of the ATA Bylaws. The ATA Ethics Committee will decline to consider disputes of any other type.

ATA committees, chapters, and divisions shall not publicize alleged cases of non-payment by members or non-members in their newsletters, websites, electronic listservs, or other publications. All ATA members are free, of course, to share among themselves views on commercial or other matters, provided that ATA channels are not used for communications covered by this policy.

ATA wishes to encourage good business practices and to foster a culture of prompt payment among its members. To this end, ATA has made the collection and receivables management services of Dun and Bradstreet available to members at reduced rates. This commercial service, while not always able to resolve a dispute to member satisfaction, nevertheless offers a useful and economical membership benefit. ATA has also made available on its website a Model Contract for Translation Services. The Board welcomes the initiative by the Translation Company Division to establish a voluntary code of business practices and quality standards for corporate members. ATA members who wish to suggest other ways to help ATA foster good business practices are invited to do so. All suggestions will be carefully reviewed and, if deemed appropriate and feasible, implemented.

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clause in all contracts. This is a preventive measure that defines what will happen in the event of a dispute and where the parties can turn. This issue deserves to be studied in greater detail, with specific recommendations for suitable language.

The reasons for ATA's non-involvement in commercial disputes are not well known. Based on the survey responses, the majority of the association's membership is unfamiliar with the reasoning behind the policy. Any discussion of the issue must bring to the forefront the original thoughts that motivated the policy so that an informed decision can be made. There is a clear need to better publicize the associated deliberations and to allow for an open discussion.

A variety of informational billboards and listservs already exist outside of the association to discuss "payment practices" and "contractor capabilities." So far, the association has shied away from getting involved in such services and has not endorsed any of the existing options. As several of

the open survey responses suggest, ATA members are looking for resources of this kind within the association. To avoid legal problems and lawsuits, any such attempt would need to follow a rigidly standardized format.

One important insight of the survey is that neither translation companies nor freelancers emphasize the fact of their ATA membership to one another in their working relationships. According to the survey participants, membership status actually seems to play a subordinate role. In the effort to underscore the benefits of ATA membership in general and of certification in particular, both groups should be encouraged to routinely enquire about the membership status of the other party. ATA membership status can be shown in e-mail signatures, on business cards, brochures, and in other communications.

Aside from these difficult questions for the future, translation companies and freelancers in our association actually share a lot of common ground. Both groups believe in the same high

standards of professional conduct, and both share a love of language and a passion for translation quality. Forums such as the Translation Company Division conference will serve to strengthen the relationship of the two groups that depend on one another in our industry.

In closing, we would like to thank all the respondents who took the time to fill out the survey. More detailed results are also available online at the following addresses:

Freelancers:

[www.surveymonkey.com/
Report.asp?U=88012552941](http://www.surveymonkey.com/Report.asp?U=88012552941)

Translation Companies:

[www.surveymonkey.com/
Report.asp?U=88007520258](http://www.surveymonkey.com/Report.asp?U=88007520258)

We welcome further comments and suggestions. Do not hesitate to contact either of us at jiri@cetra.com or dracette@direcway.com.

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