

Review

Emerging Issues and Challenges in Investigating the Malaysian Ponzi scheme Investor: A Qualitative Pilot Study.

Muhammad Takiyuddin Abdul Ghani^{1*}, Bahyah Abdul Halim², and Shamsul Azri Abdul Rahman³

1 Affiliation ²; bahyahahalim@unisza.edu.my

2 Affiliation ³; syamsul@unisza.edu.my

* Correspondence: takiyuddin.g@gmail.com

Received: 12 April 2019; Accepted: 25 May 2019; Published: 30 June 2019

Abstract: This article begins with discussing the significance of undertaking a pilot study in qualitative research, especially for hard-to-reach research population. Besides that, this paper also features the standard procedure in conducting a qualitative pilot investigation according to the available literature. To reiterate the advantages of pilot exercise, it outlines several methodological and practical consideration manifested during the pilot work, as well as the improvements made for the fieldwork study from the experiences and lessons throughout the pilot study. In the end, it recommends the employment of the pilot inquiry due to the advantages of exploring particular feasibility and methodological issues related to the process of conducting any form of qualitative research. Also, the authors call for more qualitative researchers to proclaim their pilot study so that the trustworthiness and transferability of the study could be improved.

Keywords: Ponzi scheme; Qualitative study; Malaysian ponzi scheme investor; Pilot study; Hard-to-reach population

1. Introduction

Despite its benefits to the qualitative researcher, the pilot study often being treated as unimportant part conducting a qualitative inquiry. It is normal to encounter a novice qualitative researcher that is unsure what is pilot study is all about. This circumstance might be due to the scant attention regarding qualitative pilot study in the research literature. In general, this article discusses the importance of pilot study in undertaking a qualitative investigation for the case study method.

A pilot study is an elementary investigation that is usually conducted in a small-scale before venturing into the fieldwork study that is aimed to resolve methodological question such as the applicability of the research instruments and the efficiency of raw data management (Prescott & Soeken, 1989). In this case, the authors interviewed two Ponzi scheme investors as the preliminary interviews to gain valuable insight that could guide the development of fieldwork research. This valuable insight will allow the authors to make adjustments and revisions in the main study, as recommended by Kim (2011).

Explicitly, this article discusses a critical reflection from the incubation of a pilot study of the case study on Malaysian Ponzi scheme investors. This article served as a double-edged sword, as it presents the practicality issues regarding the methodological aspect, and by discussing the how the research

instruments and other technical consideration changed as a result of the pilot study, it reiterates the benefits and advantages of conducting a pilot study in qualitative inquiry.

This article begins with the review of relevant literature with specific attention given to qualitative pilot study. Then, it is followed by a brief introduction of the background of the pilot study being discussed. Next section places a focus on addressing the methodological issues, practical challenges, and the authors' critical reflection in conducting the pilot study. And the final part of this article proposes several recommendations for the future qualitative researcher.

2. Literature Review

2.1. *The Importance of Pilot Study*

Kim (2011) posit that by doing a preliminary study, a researcher could gain valuable insight in terms of methodological or technical issues, and would be able to undergo revisions and improvements before conducting the fieldwork study. In terms of its definition, a pilot study is a small-scale research articulated to inform fieldwork research (Jariath et al., 2000). It means that the pilot study is designed purposely as part of the proposed project and regarded as the prerequisite of the actual investigation (Jory & Perry, 2001).

Furthermore, the pilot study also has a similar characteristic to a feasibility study, which acts as a trial and error testing method to validate research protocol, such as data collection method and recruitment strategy (Muoio et al., 1995; Prescott & Soeken, 1989; Hundley, 2002). Based on our experience, conducting the pilot study is proved to have outstanding benefits in preparing the research instruments, handling the technical challenges, and improving our communication skill in handling the interview sessions.

The central discussion of this paper is addressed from the perspective of methodological and practical concern. The following sub-sections will highlight the overview of conducting qualitative pilot study according to previous literature.

2.2. *The Procedure of Conducting Qualitative Pilot Study*

Qualitative scholars might seems to be contradicted on the procedure of conducting a pilot study for qualitative research. It might be the result of the dynamics and organic structure and design of a qualitative investigation. There is no one size fits all guideline for a qualitative pilot study. Nevertheless, Yin (2011) discussed a few recommendations for conducting a pilot study in qualitative research. He ascertained that the pilot study would assist the researcher in finalizing the aspects of design, fieldwork procedure, data collection instruments, or analysis plans. Foremost, a researcher needs to clarify the logistic issue of the pilot study, such as the field time to execute specific procedures. Additionally, the lesson learned information obtained from it could help the researcher to reconsider some methodological issue, such as the research questions. It is quite common for a qualitative researcher to redefine their research question after the exercise of the preliminary study.

Meanwhile, Merriam (2015) contended that a pilot study is not just intended to trying out the data collection procedure such as the interview protocols. A researcher must be clear on the criteria targeted sample, the sampling strategies, and the approach of data analysis. It is beneficial if a researcher prepares and comprehensive plan to ensure the trustworthiness of the study, in which to strive for the validity and reliability of research instruments, data collection, and data analysis procedure. Furthermore, a qualitative researcher must be able to anticipate the potential biases in interpreting the data and the fundamental assumptions of the study. Also, a researcher needs to clarify his or her positions related to the topic under investigation.

Finally, she pinpointed the issue of translation in transcribing the raw interview data. The researcher must specify how the translation is being done by suggesting two strategies for the researcher that interviewed in another language. The first one is that a transcript can be developed in the language and then translated literally into English; data analysis is then carried out in English. Secondly, the interview is conducted in the original language, including data analysis, and then translate the findings and supporting evidence into English. The following section will briefly explain the background of the pilot study undertaken.

3. The Background of the Pilot Study

As native Malaysians, the authors have previous experience of investing in a Ponzi scheme, which contributed to the basic understanding of how the Ponzi scheme operates. This exposure to real Ponzi scheme investment has provided the authors with active networking within the community of Malaysian Ponzi scheme investor. Moreover, this real-life investing experience has also increased the credibility of the researchers to emerge this research as a dissertation.

Ponzi scheme in Malaysia not only targeted wealthy individual, in most cases, it is speculated that the middle-class income investors also contribute to the large proportion of the Ponzi scheme investor's population (Sulaiman et al., 2016; Muda et al., 2003). The first ever Ponzi scheme perpetrator that prosecuted by Malaysian authority was Osman bin Hamzah in 1992. He founded a scheme called "Pak Man Telo" scheme, with accumulated losses of RM90.9 million (Muda et al., 2003).

Two primary concern manifested in conducting this pilot study. Firstly, the matter regarding the field data collection for a phenomenological investigation like this research. To comprehensively understand the view and perception of the Ponzi scheme investor, the only compatible method of delving into their mind is through the in-depth interview. And the issue of how possible could it be to have a face-to-face, in-depth interview with Malaysian Ponzi scheme investor known to be reluctant to disclose their identity even for a research purpose. The second one is the concern of recruiting the appropriate number of investor from various Ponzi scheme within the context of Malaysia. As this investigation is qualitative research, the main concern is how many participants are needed to achieve the concept of saturation (Morse, 1995).

Before the authors administer the field works data collection, the principal aim of the preliminary study is to examine the feasibility of the proposed research. Kim (2011) listed three typical rationales for undertaking the pilot study namely, (1) to verify the compatibility of the research method in the context of the research population, (2) to evaluate the interview instruments and protocol, (3) to anticipate any practical issues and challenges before the undertaking of field-work study. As for the research sample for the pilot study, this research recruited two experienced Ponzi scheme investors from the local Ponzi scheme. The methods of data collection for this exercise is the face-to-face, in-depth, semi-structured interview, personal documents, and field notes.

The following section discusses the issues identified and lessons acquired in carrying out the pilot work.

4. Methodological Issues

This article highlights several issues substantiated during the preliminary exercise. The following sub-sections exhibit the details of the discussion.

4.1. The Interview Protocol

The researchers conducted two semi-structured interviews at mutually agreed locations. The interviewer recorded the session using a voice recorder and used local dialect Bahasa Melayu. The

meeting took about thirty minutes to more than one hour, including the rest period. The interviewer commissioned three respondents sheets, which were the self-administered questionnaires during the break.

At the end of each session, the interviewer employed the member check as part of the necessary process for establishing credibility (Guba & Lincoln, 1982). Specifically, the interviewer asked the respondents to verify the summary of their response and encouraged to amend any necessary answers and narratives. The researcher also used the member checking to gather feedback on the exercise.

The first issue identified during the in-depth interview is maintaining ethical conduct. Discussing a topic of personal finance, such as financial status, is often regarded as sensitive and confidential (Churchill et al., 2002; Malhotra, 2008). The researcher gained experience responding to cues given by informants about their willingness to reveal private financial information such as personal debt and avoid direct questions about such information. Secondly, the interviewer discovered that respondent tends to be reluctant to answer some of the sensitive questions. On that account, the interviewer revisited the questions and delicately explained the significance of their role in this study, and inspire them to express their thoughts and views frankly.

Additionally, some answers or responses are inconsistent when the interviewer revisited the questions. Thus, this condition justified the importance of member checking. In doing so, the interviewer summarized the incoherent replies and asked the respondents for the final answers. Moreover, the interviewer discovered that the respondents often response to the semi-structured questions in a disorderly manner. By using the field notes, the interviewer managed to capture and rearranged the answers accordingly.

4.2. Sampling Strategy

It was difficult to access information or field data regarding Ponzi scheme in Malaysia. Arguably, the data on this issue is considered as confidential by the authority, and few government agencies have access to this information (Sadiraj & Schram, 1998). This challenge faced by the researchers justified the rationale of categorizing Ponzi scheme investor as hard-to-reach populations. In dealing with this kind of research population, Han et al. (2007) recommend that researcher to leverage on the role of gatekeepers such as influential community organization or leader. The role of community gatekeepers could increase the probability of accessing the targetted population.

The researchers employed this recommendation by approaching the local consumer association (Persatuan Pengguna Islam Malaysia: PPIM) and the police commercial crime department. Unfortunately, both agencies could not further their cooperation because of the confidentiality and sensitivity issue of the investor identity. Nevertheless, the representative from both agencies advised the researchers to recruit participants among our inner circle network such as relatives and acquaintances. This strategy proved to be applicable, as two participants were successfully recruited for the pilot study.

5. Practical Issues and Challenges

Furthermore, this article also presents the discussion on practical issues encountered during the exercise of the pilot study.

5.1. Recording the Interview Session

With the assistance of a recording device, the first interview session recorded in four parts. Meanwhile, the second interview recorded in one piece only. The first strategy was found to be more efficient and convenient in the manual transcription of the raw interview data. However, this strategy is not practical for data management, particularly for the application of transcribing using Atlas.ti software,

in which the researcher must first organize and arrange all four pieces of data before uploading it to the software.

After going through the data management process, the researchers found that it is more practical to use the second strategy to record the interview session for fieldwork data collection.

5.2. The Selection of Interview's Venue

The foremost consideration for choosing the interview's venue is that the place has mutually consented. Nevertheless, the authors recommend that the interviewer must first suggest a location which the interviewer considers as conducive and proper to conduct a recorded interview session. It is unwise to leave the selection of the interview's venue solely to the respondents because sometimes they do not possess the knowledge of how an appropriate meeting place should be. The choice of the location is crucial as it may affect the recording process due to surrounding noise or interrupt the interview process as the result of unnecessary interference.

6. Recommendations and Conclusions

It is imperative for the qualitative researcher to venture into preliminary exercise before engaging in field-work project as it may assist in estimating their capability to administer research and conciliate with the practical and methodological issues (Seidman, 2006). The authors call for more qualitative researchers to proclaim their pilot study due to the advantages of exploring particular feasibility and methodological issues related to the process of conducting any form of qualitative research. Through this pilot study, the researchers established a compatible, ethical, and practical way to recruit the hard-to-reach group of Ponzi scheme investor. The article highlighted the fundamental requirement of preparation, planning, and proper documentation when conducting a qualitative pilot study. Indeed, a pilot study that was undertaken adequately would strengthen the rigor and trustworthiness of qualitative research (Kim, 2011). A researcher should be able to anticipate the reaction or acceptance of the participants concerning the research context. Explicitly, it is essential to cautiously assess the confidentiality and the sensitivity of the local Ponzi scheme investors, and its potential effect on the research process.

Albeit the useful insight gained from this pilot exercise, it is reasonable to emphasize that it is not surely applicable to other research. The discussion of the issues in this article is purposely intended to propose a recommendation to other qualitative researchers that aimed to increase the transferability of their study.

7. References

- Churchill, R., Hunot, V., Corney, R., Knapp, M., McGuire, H., Tylee, A., & Wessely, S. (2002). A systematic review of controlled trials of the effectiveness and cost-effectiveness of brief psychological treatments for depression. *Health Technology Assessment*, 5(35), 1-173.
- Guba, E. G., & Lincoln, Y. S. (1982). Epistemological and methodological bases of naturalistic inquiry. *ECTJ*, 30(4), 233-252.
- Han, H. R., Kang, J., Kim, K. B., Ryu, J. P., & Kim, M. T. (2007). Barriers to and strategies for recruiting Korean Americans for community-partnered health promotion research. *Journal of Immigrant and Minority Health*, 9(2), 137-146.
- Hundley, V. (2002). The role of pilot studies in midwifery research. *RCM Midwives: The Official Journal of the Royal College of Midwives*, 5(11), 372-374.

- Jairath, N., Hogerney, M., & Parsons, C. (2000). The role of the pilot study: A case illustration from cardiac nursing research. *Applied Nursing Research*, 13(2), 92-96.
- Jory, S., & Perry, M. J. (2011). Ponzi schemes: A critical analysis. *Journal of Financial Planning*. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1894206
- Kim, Y. (2011). The pilot study in qualitative inquiry: Identifying issues and learning lessons for culturally competent research. *Qualitative Social Work*, 10(2), 190-206.
- Malhotra, N. (2008). Completion time and response order effects in web surveys. *Public opinion quarterly*, 72(5), 914-934.
- Merriam, S. B., & Tisdell, E. J. (2015). *Qualitative research: A guide to design and implementation* (Second Edition). Market Street, San Francisco: John Wiley & Sons.
- Morse, J. M. (1995). The significance of saturation. *Qualitative Health Research*, 147-149.
- Muda, M., Aziz, M.Y.A., & Rozali, M.H. 2003. *A study of quick-rich scheme in peninsular Malaysia* (Print version). Kolej Universiti Islam Malaysia. Pandan Indah; Kuala Lumpur.
- Muoio, R., Wolcott, L., & Seigel, H. (1995). A win-win situation: The pilot program. *The Journal of Continuing Education in Nursing*, 26(5), 230-233.
- Prescott, P. A., & Soeken, K. L. (1989). The potential uses of pilot work. *Nursing Research*, 38(1), 60.
- Sadiraj, K., & Schram, A. (1999). *Informed and uninformed investors in an experimental Ponzi scheme*. Dirección General de Economía y Finanzas.
- Seidman, I. (2006). *Interviewing as qualitative research: A guide for researchers in education and the social sciences* (Third Edition). Amsterdam Avaneue, New York: Teachers college press, Columbia University.
- Sulaiman, A. N., Moideen, A.I, & Moreira, S. D. (2016). Of ponzi scheme and investment scams: A case study of enforcement actions in Malaysia. *Journal of Financial Crime*, 23(1), 231-243.
- Yin, R. K. (2011). *Qualitative research from start to finish*. Spring Street, New York: The Guilford Press.