

**EXPLORING *HIBAH* PRACTICES AMONG MUSLIM
ENTREPRENEURS IN KELANTAN**

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ABSTRACT

This study delves into a segment of Islamic wealth management, focusing on *hibah* (inter vivos gifts), and investigates how Muslim entrepreneurs in Kelantan manage and enhance their wealth judiciously and fairly. Given the rising concern over unclaimed assets and their potential to remain frozen if Muslims neglect property management, this research is essential. It aims to evaluate the comprehension of *hibah* among these entrepreneurs, analyse their practices, and draw insights on both understanding and application in Kota Bharu, Kelantan. Data were collected through interviews and document analysis, with the aid of ATLAS.ti software to facilitate a network view analysis. Findings reveal that while informants practice *hibah* and recognize its importance, complete understanding remains lacking. The outcomes of this study could influence government action to address state-wide issues and encourage Islamic religious councils to enhance the understanding and practices of *hibah* among Muslim entrepreneurs and the broader community.

KEYWORDS: *HIBAH (INTER VIVOS GIFT), MUSLIM ENTREPRENEURS, UNDERSTANDING, PRACTICES, KELANTAN, ISLAMIC WEALTH MANAGEMENT*

ABSTRAK

Kajian ini menyelami segmen pengurusan kekayaan Islam, dengan fokus pada *hibah*, dan menyelidiki bagaimanakah usahawan Muslim di Kelantan mengurus dan meningkatkan kekayaan mereka secara bijaksana dan adil. Memandangkan kebimbangan yang semakin meningkat mengenai aset yang tidak dituntut dan potensinya untuk kekal beku jika umat Islam mengabaikan pengurusan harta, kajian ini adalah penting. Ia bertujuan untuk menilai pemahaman tentang *hibah* dalam kalangan usahawan ini, menganalisis amalan mereka, dan mendapatkan pandangan mengenai pemahaman dan amalannya di Kota Bharu, Kelantan. Data dikumpulkan melalui temu bual dan analisis dokumen, dengan penggunaan perisian ATLAS.ti untuk memudahkan analisis. Penemuan menunjukkan bahawa walaupun para informan mengamalkan *hibah* dan mengakui kepentingannya, pemahaman sepenuhnya masih kurang. Hasil kajian ini boleh mempengaruhi tindakan kerajaan

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untuk menangani isu-isu di seluruh negeri dan menggalakkan majlis agama Islam untuk meningkatkan pemahaman dan amalan *hibah* dalam kalangan usahawan Muslim dan masyarakat umum.

KATA KUNCI: HIBAH, USAHAWAN ISLAM, PEMAHAMAN, AMALAN, KELANTAN, PENGURUSAN HARTA ISLAM

1. INTRODUCTION

Islamic wealth management is integral to orderly property stewardship in Islam, aimed at enhancing well-being in both this life and the hereafter. Generally, wealth and property (*al-mal*) encompass all possessions or benefits owned by an individual (Abdul Aziz *et al.*, 2024; Ahmad *et al.*, 2023; Rahman, 2015). This management is bifurcated into strategies operative during an individual's life and those taking effect posthumously, encompassing estate planning tools like *hibah* (inter vivos gifts), wills, *waqf*, charity, and vows. Specifically, *hibah* refers to a voluntary transfer of a physical or intangible asset without expectation of return, a concept originating from the Arabic "*wahaba*," implying a gift or charitable contribution (Bakar *et al.*, 2020; Hassan & Zaizi, 2020). Today, the topic of Islamic wealth management is widely discussed within the community, as it not only ensures that property is leveraged for the benefit of individuals and the Islamic community at large but also fosters justice, encourages growth in property, and minimizes disputes among Muslims. The religion has structured various wealth management tools to aid Muslims in selecting, planning, and managing their wealth prudently, including *hibah*, *faraid*, *waqaf*, wills, and more, each with specific purposes and goals. *Hibah*, in particular, stands out as a versatile tool capable of addressing many contemporary challenges in Muslim wealth management (Ahmad *et al.*, 2023; Kambol, 2019).

Exploring *hibah* practices among Muslim entrepreneurs in Kelantan is essential because it provides insights into how Islamic principles influence business operations in a region known for its strong adherence to religious traditions. This understanding can reveal the economic impact of such practices, highlighting how *hibah* fosters trust, cooperation, and social capital, which are crucial for the success and sustainability of businesses. Additionally, studying *hibah* practices underscores the ethical dimension of business, demonstrating how Islamic values promote ethical behaviour and community welfare. Moreover, focusing on Kelantan allows for comparative analysis with other regions, contributing to a broader understanding of Islamic economic practices and their variations. The findings from this research can also inform policymakers and educational institutions, enabling them to develop tailored support programs and curricula that align with the local cultural and religious context (Yahaya, 2020).

In addition, Muslim entrepreneurs in Kelantan differ from those in other states primarily in their adherence to religious practices. In Kelantan, business operations are heavily influenced by conservative and traditional Islamic principles, with a strong emphasis on ethical practices such as fair trade, honesty, and social justice. In contrast, entrepreneurs in other states may exhibit more variation in religious adherence, often blending Islamic principles with secular and cultural values. Business practices in Kelantan are more likely to include *hibah*, *sadaqah* (charity), and *zakat* (almsgiving) as integral components of the business model, reflecting a pursuit of both spiritual and material benefits. Entrepreneurs in other states may focus more on conventional business strategies aimed at profit maximization.

Community and network building in Kelantan is characterized by strong ties based on shared religious beliefs, leading to high levels of mutual support and trust among entrepreneurs. In other states, business networks tend to be more diverse and less centred around religious practices, resulting in different forms of social capital and collaboration. The regulatory and institutional environment in Kelantan, influenced by the long-standing governance of the Islamic party PAS, aligns more closely with Shariah principles. This affects how businesses operate, with greater emphasis on compliance with Islamic laws. In contrast, other states may have regulatory environments that are less focused on Islamic principles, adopting a more secular approach to business regulation (Muhammad, *et al.*, 2021).

Culturally, Kelantan is influenced by a unique blend of Malay and Thai traditions, alongside strong Islamic customs. This cultural context shapes business practices and consumer behaviour in distinct ways. Other states, with their greater urbanization and multicultural interactions, display different entrepreneurial practices and consumer preferences. Overall, these differences highlight the unique characteristics and needs of Muslim entrepreneurs in Kelantan, shaped by a combination of religious, cultural, and regulatory factors.

Given its significance, this paper focuses on the understanding and application of *hibah* among Muslim entrepreneurs in Kota Bharu, Kelantan—a demographic situated in a predominantly Muslim region with a robust business community (Muhammad *et al.*, 2021). Through interviews and document analysis, complemented by network view analysis using ATLAS.ti, this study aims to deepen the understanding and enhance the practices of *hibah* among these entrepreneurs. Ultimately, the research endeavours to foster improved knowledge and implementation of *hibah*, contributing positively to the broader community and Islamic wealth management practices.

2. LITERATURE REVIEW

This study will undertake a comprehensive literature review, drawing on a variety of sources, and categorize several articles into distinct themes. These themes include an overview of Islamic wealth management, the concept of *hibah*, its practices, and its relevance. Discussions will cover the formation, types, and potential cancellation of *hibah* through its conceptual framework. Additionally, this paper will also outline the research framework.

An Overview of Islamic Wealth Management

The term 'property' in Arabic, known as 'grind,' refers to the ownership of assets or *al-mal*. Islam permits individuals to accumulate wealth for personal enjoyment in this life, yet it encourages amassing assets to bequeath to family members posthumously (Billah & Kabir, 2020; Hasbullah & Daud, 2015). It is deemed preferable for the deceased's family to be left in comfort rather than in hardship, necessitating reliance on others. Islam prescribes proper methods for acquiring property, ensuring that it is obtained ethically (Razak, 2020; Yusof *et al.*, 2016). The relationship between wealth and Muslim entrepreneurs is fundamental; operating a business invariably leads to profit, which in turn generates wealth. It is expected that Muslim entrepreneurs will distribute a portion of the assets they accumulate among fellow Muslims. According to Allah SWT in Surah al-Baqarah verse 261:

"Comparisons (donations) those who spend their possessions in the way of Allah are like a seed that grows to produce seven stems: every stem also contains a hundred seeds. And remember Allah will multiply the reward for whom He will. And Allah is the All-Mighty, the Wise." (al-Baqarah, 2:261).

This parable from Allah (SWT) highlights the exponential rewards for those who contribute to His cause and seek His favour. Allah (SWT) enhances good deeds by a factor of ten to seven hundred times (Lasmana, 2016). It is understood that contributing in the way of Allah (SWT) involves using wealth to support the propagation of Allah's Deen. Examples include donations to mosques or Islamic educational institutions, endowments (*waqaf*), funding the production of religious educational materials, supporting the *asnaf* and orphans, and contributing to the salaries of religious staff (Kailani & Slama, 2020; Muhammad *et al.*, 2021).

The verse illustrates how Allah (SWT) nurtures the good deeds of those who perform them, akin to how plants are cultivated by those who sow seeds in fertile ground. Furthermore, the Sunnah confirms that good deeds can be multiplied by up to seven hundred times. For instance, Imam Ahmad recounts that Abu Masoud (RA) mentioned a man who donated a camel, complete with its bridle, for the cause of Allah (SWT), an act praised by the Messenger of Allah (SAW), "On the

Day of Resurrection, you will have seven hundred camels with their bridles.” (Hadith Imam Ahmad).

Concept of Hibah

Hibah represents a crucial strategy in Islamic wealth management and is closely associated with wills, *faraid*, *waqaf*, and charitable giving. These tools aid Muslims in adhering to inheritance laws (Hassan & Zaizi, 2020). *Hibah* and wills both facilitate the voluntary transfer of property ownership, but *hibah* differs as it falls under contractual agreements requiring mutual consent from all parties involved (Asni & Sulong, 2021). Conversely, a will operates independently of contractual obligations and represents a unilateral declaration by the testator (Kamaruddin & Ahmad, 2012; Sulong *et al.*, 2024).

Once all essential requirements and pillars of *hibah* are satisfied, the agreement is established (Kamarudin *et al.*, 2019). *Hibah* is distinctively structured as a contractual agreement with specific rules and conditions, setting it apart from gifts and charities, which are based on altruistic contributions. Hanafi scholars identify three foundational pillars of *hibah*: the declaration of the gift (*sighah*), the offer (*ijab*), and the acceptance (*qabul*) (Saeed, 2017). Jurists emphasize that the key elements in constituting *hibah* are the donor (*wahib*), the recipient (*mauhub lahu*), and the donated property (*mauhub*). For *hibah* to be legally valid under Islamic law, three conditions must be fulfilled: a declaration by the donor expressing the intent to give (*ijab*), an acceptance by the recipient, either explicit or implied (*qabul*), and the physical or constructive transfer of the property from the donor to the recipient (*qabd*) (Kamarudin *et al.*, 2011; Sulong *et al.*, 2024).

In this study, '*hibah*' refers to the Islamic practice of voluntary gift-giving among Muslim entrepreneurs, fostering trust and cooperation in business. In contrast, '*hibah*' in a *qard* savings account context refers to the discretionary gift given by Islamic banks to account holders, often instead of interest, to comply with Shariah principles.

Types of Hibah

1. *Hibah Absolute*

Hibah absolute, also known as '*al-hibah al-munjizah*', occurs when an individual bestows *hibah* from their wealth unconditionally, characterised as gifts granted during one's lifetime without any conditions imposed by the donor (Nor Muhamad, 2011). In such instances, the full effect of the *hibah* is realized once all foundational pillars and conditions are satisfied. The outcomes include the immediate transfer of ownership to the recipient, the permanent establishment of the *hibah* title which remains unrestricted, and the cessation of any rights the donor had over the *hibah* property and its benefits (Kamarudin *et al.*, 2019).

2. *Conditional Hibah*

Conditional *hibah* can be categorized into *hibah umra*, *ruqba*, and reward-based *hibah*. *Hibah ruqba* involves the provisional transfer of property from one person to another, contingent upon the death of one of the parties, at which point the property reverts to the surviving party (Abdul Aziz *et al.*, 2024). Imam Abu Hanifah provides a similar explanation, defining *hibah ruqba* as the transfer of property ownership to another, effective upon the death of the person who grants the *hibah* (Asni & Sulong, 2021; Azhar & Nor, 2019).

Cancellation of Hibah

The revocation of *hibah* (*ruju'*) involves the donor retracting the grant from the recipient after the property has been transferred (*qabd*). According to the Hanbali School, revocation is permissible before the property is formally handed over to the beneficiary, specifically if the property requires measurement or weighing (Mohamed Said, Awang *et al.*, 2013). Additionally, concerns arise

among Muslims regarding the misuse of their property if the recipient violates the grant agreement, especially since the transfer of ownership through *hibah* typically precludes cancellation once completed (Nor Muhamad, 2011).

Thus, revocation is generally not feasible. However, the Maliki school posits that *hibah* cannot be cancelled once the contract is deemed complete, even without the transfer of physical possession (*qabd*) (Muda, 2006). Exceptions are made in specific situations, such as when *hibah* is given as a reward or when a father withdraws a *hibah* he has granted to his son, provided this revocation is not in anticipation of a divine reward.

Practice of Hibah

The practice of *hibah* is highly regarded in Islam, as evidenced by its foundations in the Qur'an, Sunnah, and Ijma (Muda, 2008). *Hibah* is encouraged through various verses in the Qur'an, including one from Surah Al-Baqarah: verse 177, where Allah SWT states:

"...and gives wealth, despite the love for it, to relatives, orphans, the needy, the traveller, those who ask [for help], and for freeing slaves." (al-Baqarah, 2:177).

The practice of *hibah*, or gifting, has been a longstanding tradition within the Malaysian Muslim community, with its origins tracing back to as early as the 1900s, though it was not as systematized as it is today (Nurul Shahirah Othman *et al.*, 2017). In Malaysia, there are no specific legal provisions governing *hibah*. According to Abd Wahab *et al.* (2017), the practice of *hibah* is observed particularly in the property planning sector. Islam places a strong emphasis on the systematic and effective management of property to ensure that all individuals receive their due rights.

Relevancy of Hibah

The implementation of *hibah* in the distribution of property in Malaysia is highly beneficial and applicable. There are several advantages and reasons for Muslims to employ *hibah* in distributing their assets. According to Nor Mohamad (2013), *hibah* allows property owners to autonomously decide the recipients of their assets and distribute them based on the economic status and needs of their heirs. Through *hibah*, a parent can allocate a larger share of the property to those heirs who have contributed more significantly. Therefore, *hibah* is relevant today as it promotes fairness in wealth distribution (Hassan & Zaizi, 2020).

Additionally, widespread neglect in managing estates, particularly in the realm of *faraid*, along with a general lack of concern for estate matters, has led to numerous religious, economic, and social challenges (Abdul Rashid & Ahmad, 2013). To address these issues, the application of *hibah* not only ensures that property ownership is transferred to beneficiaries as per the grantor's wishes but also helps reduce the number of estate disputes nationwide (Said *et al.*, 2020).

1. The Distribution of Property

The distribution of property through *faraid* often complicates the process and imposes restrictions. This can result in beneficiaries receiving little to no advantage from their inheritance due to the equal division mandated by *faraid* ratios. Moreover, the resultant parcels of land may be too small, rendering them undevelopable and decreasing their commercial value.

In terms of Shariah law, the marriage of a legally wedded spouse is a common basis for inheritance, allowing spouses to inherit from each other upon the death of one, provided no legal impediments exist. With the application of *hibah*, divorce does not prevent a spouse from granting or wrongly claiming property. *Hibah* is particularly beneficial in situations where an ex-spouse may wish to transfer ownership of a home to their former partner, either as a gesture of appreciation or to ensure

the welfare of any children from the marriage who remain with the ex-partner (Maamor *et al.*, 2020).

Following the literature review and the study's aims, the research framework is outlined in the diagram below.

Research Framework

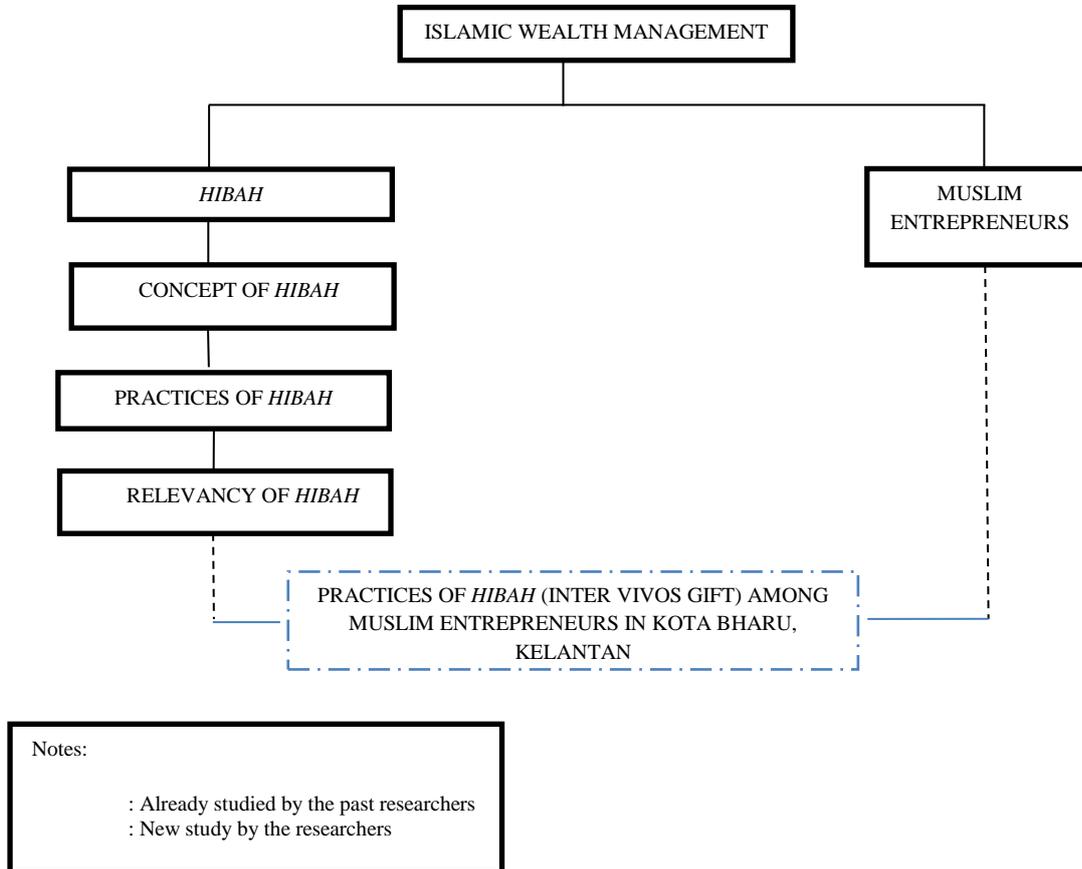


FIGURE 1: RESEARCH FRAMEWORK OF PRACTICES OF *HIBAH* (INTER VIVOS GIFT) AMONG MUSLIM ENTREPRENEURS IN KOTA BHARU, KELANTAN

The research framework illustrated in Figure 1 is derived from previously identified themes and research gaps. Initially, the researcher will explore the significance of Islamic wealth and its relationship to *hibah*, noting that inadequate planning and maintenance can adversely affect both the property owner and the property itself. Subsequently, the study will delve into the understanding of *hibah* to determine its familiarity among Muslim entrepreneurs before its practical application. The researchers have identified a disconnect between the theoretical concept of *hibah* and its practical application by Muslim entrepreneurs. Furthermore, the investigation will extend to the actual practices of *hibah* among Muslim entrepreneurs after they have studied the concept. A notable gap has been found between the entrepreneurs' understanding and their implementation of *hibah* practices. It has been observed that prior studies have not fully explored the understanding or application of *hibah* (inter vivos gift) among Muslim entrepreneurs in Kota Bharu, Kelantan. This research aims to determine if Muslim entrepreneurs truly understand and follow *hibah* practices.

3. METHODOLOGY

In a qualitative research approach, several methods are available to researchers exploring a topic. Among these, interviews and surveys are commonly used. For this study, the interview method was selected due to its effectiveness in gathering relevant information and responses from participants. Any topic discussed by a participant is considered valuable data for the research. This method allows researchers to explore topics in greater depth, thus enhancing their understanding. Accordingly, during the data analysis phase, records are compiled based on responses to each question and the key themes that emerge from the interviews conducted after data collection. For this research, the initial step involves selecting Muslim entrepreneurs for interviews, with a particular focus on those operating in the Siti Khadijah Market area of Kota Bharu to gather comprehensive insights and opinions on the subject.

The interview sessions will continue until data saturation is achieved, at which point the number of interviews deemed sufficient will be determined. The interview sessions will continue until data saturation is achieved, which typically occurs after a series of interviews where no new significant information or themes emerge. Although the exact number of interviews can vary, data saturation is often reached after conducting around 4 to 20 interviews, depending on the complexity of the topic and the diversity of the participants. This study utilizes ATLAS.ti 9 software, beginning with the input of narrative texts from the interviews, including responses to open-ended questions and observer notes. This qualitative data is then coded using various techniques such as selective, in vivo, open, or emergent coding. The selective coding process helps researchers identify and establish connections among various concepts highlighted during the literature review.

4. FINDINGS AND DISCUSSION

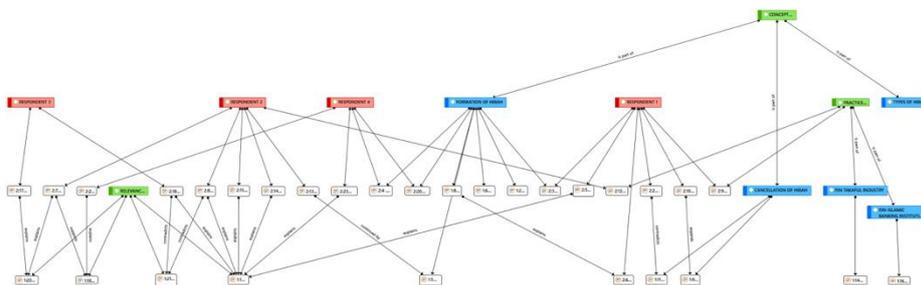


FIGURE 2: NETWORK VIEW ATLAS.TI OF THE UNDERSTANDING AND PRACTICES OF HIBAH AMONG MUSLIM ENTREPRENEURS IN KOTA BHARU, KELANTAN

ATLAS.ti was utilized to analyse the data as illustrated in Figure 2. For this study, four informants were selected to achieve the research objectives, which focus on three main topics: the concept of *hibah*, the practices of *hibah*, and its relevance among Muslim entrepreneurs in Kota Bharu, Kelantan. The themes identified were segmented into various categories. During the interviews, the researchers identified several responses that were inconsistent with the established themes, providing valuable insights that could enhance the development of this research. Generally, the informants had a basic understanding of *hibah*, influenced by specific situations they encountered.

The interviews revealed that most informants are familiar with the essential definition of *hibah*, recognized as a gift bestowed during the donor's lifetime. Informants 1 and 2 articulated the purpose of *hibah* clearly, whereas Informant 2 understood the concept but provided limited detail during the interview. Informant 4 admitted to a lack of familiarity with the concept of *hibah*. According to Informants 1 and 2, *hibah* is essentially a gift given during one's life. This understanding aligns with the findings from the literature review by Muda (2008), which noted that

while both *hibah* and wills involve the free transfer of property ownership, *hibah* is distinct as it requires mutual consent when it is treated as a contract.

Addressing the first objective, which aims to evaluate the understanding of *hibah* among Muslim entrepreneurs in Kota Bharu, Kelantan, the majority of informants shared similar views, noting that the application of *hibah* in wealth distribution within Malaysia is infrequently advantageous. Consequently, it is suggested that Muslims today expand their perspectives to identify and adopt more effective strategies for wealth distribution. Muda (2008) highlights that *hibah* and *wasiyyah* bear similarities as both entail the gratuitous transfer of property ownership without reciprocation, yet differ when *hibah* is treated as a contractual agreement necessitating mutual consent. Most informants also expressed that Muslims, especially entrepreneurs, should consider using *hibah* to distribute their wealth or business assets to mitigate issues like sibling rivalry in wealth distribution.

Regarding their personal experiences with *hibah*, the majority of informants, including informants 1, 2, and 3, provided diverse interpretations and insights, except for informant 4 who does not practice *hibah*. Informant 1 began exploring *hibah* after transferring a house to her brother as a gift, while Informant 2 became interested after his mother employed *hibah* to distribute her assets years earlier. This demonstrates that *hibah* is also applicable among family members (Awang & Awang Abd Rahman, 2014). Informant 3's exposure to *hibah* started in elementary school and deepened when her family utilized it for distributing wealth. Although informant 4 learned about *hibah* during school, she has not applied it in her life, resulting in a limited understanding. It is evident that while most gained knowledge of *hibah* through personal experiences, others acquired it solely through formal education.

This study aims to determine the extent of familiarity and depth of understanding of the *hibah* concept among informants. Interviews indicate that most informants possess a practical knowledge of *hibah*, encompassing both its process and theoretical aspects. It appears that Muslim entrepreneurs in Kota Bharu, Kelantan, have a moderate grasp of *hibah*, as they have learned both the concept and its application in wealth distribution, thereby achieving a solid understanding of the subject. Nonetheless, one informant exhibited only a superficial understanding due to a lack of practical experience with *hibah* instruments and insufficient exposure to the concept. This suggests that a general unfamiliarity with *hibah* among the population contributes to its limited use today. These insights lead to the conclusion that personal experience with *hibah* significantly influences understanding among Muslim entrepreneurs.

The second objective of this research is to explore the implementation of *hibah* by Muslim entrepreneurs in Kota Bharu, Kelantan. Findings show that most informants, who are Muslim entrepreneurs, actively engage with *hibah*. While not all fully understand *hibah*, many continue to use it as a tool for distributing their wealth or assets. Most informants recall becoming aware of *hibah* during their school or university years, and one noted that their family employs *hibah* in property distribution. They find *hibah* to be a straightforward and efficient method for property distribution, as it does not involve complex procedures. Consequently, there is a keen interest among them to learn more about and practice *hibah* as a means of asset distribution. For *hibah* to be legally valid under Islamic law, three conditions must be satisfied: a declaration of intent to gift (*ijab*) by the donor, acceptance (*qabul*) by the recipient, which can be explicit or implicit, and the transfer of possession (*qabd*) of the gifted asset from the donor to the recipient, whether actual or symbolic (Nor Muhamad, 2011).

Furthermore, the majority of informants in this study actively use *hibah* in their lives. For example, informant 1 employed the *hibah* instrument to allocate her property among her children, while informant 2 utilized it to distribute her personal wealth. They favour *hibah* over other mechanisms due to the absence of restrictions on how they divide property between male and female heirs, allowing them to distribute their assets as they see fit without adhering to prescribed ratios like

those required by *faraid* or other instruments. *Hibah* is essentially a gift given out of love from the donor to the recipient (Ibn Rush, 1996), and property owners are free to transfer their assets through *hibah* to anyone, be it heirs or non-heirs, with the transfer becoming effective immediately upon delivery or during the donor's lifetime.

Additionally, those who incorporate *hibah* into their daily routines have expressed contentment and happiness with its use for wealth distribution. This is attributed to the simplicity and efficiency of managing *hibah*, which requires minimal time. They are also pleased with how *hibah* is administered in Malaysia, finding the processes quite satisfactory. This satisfaction is evidenced by the presence of businesses in nearly every state that specialize in writing services, provisioning, and resolving *hibah*-related issues. According to Abd Wahab *et al.* (2017), *hibah* is increasingly being recognized within the property planning industry. This has spurred their interest in *hibah*, convinced that its use can foster and ensure harmonious relationships, especially among family members.

Furthermore, the informants utilize *hibah* as they believe it can prevent various issues in property distribution. According to Kamarudin and Nor Muhammad (2017), unlike wills, *hibah* must be executed during the lifetime of the grantor, and there is no limit to the amount one can give, unlike a will, which is restricted to one-third of one's wealth and must generally be bequeathed to non-family members. For example, informant 1 uses *hibah* to prevent disputes among her children. Informant 2 opts for *hibah* to ensure fair treatment of all her children, including those who are adopted, as it allows her to distribute her property freely. Informant 3 appreciates the lack of restrictions in dividing her property through *hibah*. Meanwhile, informant 4 is aware of *hibah* but has not yet applied it in her life, though she is keen to deepen her understanding of it due to its significance in the hereafter.

This study reveals that most informants are eager to learn more about *hibah*, seeing it as a solution for managing property issues effectively while alive, with the flexibility provided by their faith. *Hibah* allows property owners to decide independently who will inherit their assets and how these will be distributed, considering the economic status and needs of the heirs (Nor Mohamad, 2011). Furthermore, *hibah* does not demand extensive time or effort to implement. According to the third objective of this research, which is to evaluate the understanding and application of *hibah* among Muslim entrepreneurs in Kota Bharu, Kelantan, it is found that most possess a moderate understanding of *hibah* and frequently employ it. The majority of informants acknowledge the simplicity of using *hibah* for property distribution, emphasizing its importance in their practices, although one informant, despite understanding *hibah*, has yet to practice it.

Informant 1 emphasises that *hibah* is essential, and community awareness is necessary to prevent property seizures, particularly because property disputes in Kota Bharu, Kelantan remain unresolved. Informant 1 notes that using *faraid* instruments for wealth distribution is time-consuming and not ideal. The heir settlement process under *faraid* is protracted, involving multiple entities and requiring significant effort from the heirs (Abdul Rashid *et al.*, 2013), often leading to complications and improper distribution to the intended heirs. Many individuals, therefore, opt to grant property through *hibah*.

According to Mohd Shahid (2018) and Nor Muhamad (2011), a consensus among Hanafi, Maliki, and Shafie scholars indicates that favouritism in *hibah* among children is discouraged (*makhruh*), though the gift itself remains valid. In the Hanbali school, fairness in distributing *hibah* to children is mandatory. Imam Malik considers it unethical to bestow all property on some children while excluding others. While *hibah* to children is generally permissible, it can be revoked if the property remains unchanged in the child's possession, is not sold, or is similarly unaltered, preventing children from developing a sense of entitlement. Often, children who receive property are reluctant to care for their ageing parents, which justifies the potential revocation of *hibah*.

Furthermore, informant 1 illustrates that *hibah* does not adversely affect the profitability of Muslim entrepreneurs. Implementing *hibah* has been neutral to their businesses, which have continued to thrive, particularly when the property given matches the grantee's skills and the business operation is approved by the administration. This demonstrates that property managed under these conditions can flourish successfully (Othman *et al.*, 2017).

According to Informant 2, concurs with Informant 1 on using *hibah* to prevent disunity among children. He further agrees that *hibah* is particularly beneficial for the business when the property is allocated to mature, business-savvy children. Abdul Rashid and Ahmad (2013) note that property owners have the discretion to decide the recipients of their property and the proportion of distribution based on the economic circumstances and needs of the beneficiaries. Hence, Muslim entrepreneurs are advised to wisely manage their asset distribution during their lifetimes. Nor Muhamad (2011) points out that *hibah* also extends benefits to those in need who do not have legal inheritance rights under *faraid* or wills, such as adopted children who may receive property through *hibah*, ensuring they too benefit.

Furthermore, informant 3 echoes informant 1's view that *hibah* is crucial in today's context. It is vital not only for general well-being but also in preventing family conflicts. The consensus among many is that property distribution through *hibah* simplifies the process, as it does not require consent from any other party and is solely at the discretion of the grantor, thereby expediting the property distribution.

Informant 4 highlights the advantages of *hibah*, noting it facilitates a fair distribution because the grantor can choose the recipients of their property. Furthermore, using *hibah* for property distribution can prevent family disputes and the amount of property distributed is not limited, as it is entirely up to the grantor to decide the allocation. According to Muda (2008), scholars from the Hanafi, Maliki, and Shafie schools of thought assert that while distributing gifts equally among children is ideal, favouring one child significantly over others is discouraged (*makruh*), although still valid. The application of *hibah* is praised for its simplicity and for avoiding complications for the heirs after the grantor's death. However, informant 4 does not use *hibah* as a strategy for generating regular business income.

Informant 4 also regards *hibah* as a viable alternative to solving issues associated with *faraid*-based property distribution, as *hibah* allows the property to be allocated based on the specific needs and capabilities of the recipients. This ensures that the property is cared for properly by someone capable of managing it. The interviews with all four informants revealed their awareness of *hibah*, with three of them actively practising it in their daily lives. These discussions provided deeper insights into their personal experiences with *hibah*. The researcher was able to collect comprehensive data during these interviews, confirming that three out of the four informants not only understood *hibah* but also implemented it in their lives.

5. CONCLUSION

In summary, *hibah* serves as a mechanism for distributing property during a grantor's lifetime, distinctly different from other methods such as wills and *faraid*. The aim of this research is not to challenge the validity of wills or *faraid* but to complement these traditional methods. This study has focused on the use of *hibah* among Muslim entrepreneurs who manage their businesses and assets, which are likely to be inherited. The research has enhanced our understanding of how Muslim entrepreneurs perceive and utilize *hibah*.

The findings indicate that while Muslim entrepreneurs generally have a moderate understanding of *hibah*, many have incorporated it into their estate planning, recognizing its importance in life. This approach is particularly valuable as property disputes often occur when owners pass away before properly distributing their assets. Effective property distribution is essential for maintaining the

well-being of the assets. Therefore, the evaluation of *hibah* aims to educate the public about the available tools for property distribution and advocates for the proactive planning of property distribution using *hibah* during one's lifetime. Implementing *hibah* effectively not only supports the economy at both community and national levels but also ensures that the properties managed by Muslim entrepreneurs do not lead to disputes among heirs. In conclusion, it is advisable for Muslim entrepreneurs to have a structured plan for all owned property to ensure its continuous benefit, whether for personal use or the welfare of others. Given its efficacy and simplicity, it is anticipated that many more Muslim entrepreneurs in Kota Bharu, Kelantan will adopt *hibah* practices.

The study's findings may have limited generalisability due to the unique cultural and socio-political context of Kelantan, potentially affecting their applicability to other regions. Self-reporting bias and a small sample size might also compromise the reliability and depth of the conclusions. Additionally, a cross-sectional design captures data at a single point in time, which may not reflect changes in *hibah* practices over time. Future research could conduct comparative studies across different regions to explore variations and commonalities in *hibah* practices, while longitudinal studies could track changes over time. Mixed-methods approach, incorporating both qualitative and quantitative data, would provide a more comprehensive understanding. Expanding the scope to include other Islamic economic practices like *zakat* and *sadaqah* would offer a broader perspective on the role of Islamic principles in entrepreneurship.

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