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Value Creation through Hybrid Business Models in Digital Entrepreneurship

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Abstract

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This article examines how hybrid business models enable value creation in digital entrepreneurship and why outcomes vary across contexts. Using a systematic literature review of peer-reviewed journal articles published from 2020 to 2024, the study consolidates insights on business model design, ecosystem orchestration, and value logics. The synthesis shows that hybrid ventures create value by reducing market frictions through digital reach while anchoring trust and continuity via physical, relational, or expert components. Results also indicate that value capture depends on governance and interdependence within platforms and data ecosystems, pushing entrepreneurs to balance openness with control and scalability with operational reliability. The article discusses these patterns through a lens linking value proposition, value creation and delivery architecture, and value capture, and highlights boundary conditions related to institutional fit and capability maturity. Overall, the main finding is that value creation is a contingent outcome of coherent hybrid design aligned to ecosystem dynamics, not technology adoption alone.

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1. Introduction

Digital entrepreneurship is increasingly shaped by business models that blend physical and digital components, orchestrate multi-actor ecosystems, and rely on data-intensive infrastructures to deliver customer value at scale. Within this landscape, hybrid business models have become a strategic response to two concurrent pressures: the need to innovate value creation logics under rapid digital transformation and the need to balance plural goals such as growth, resilience, and sustainability. Recent scholarship suggests that "digital-first" venturing is rarely purely digital; instead, value is produced through combinations of online platforms, offline fulfillment, partner complementors, and community participation that jointly reshape how value is proposed, created, delivered, and captured (Bican & Brem, 2020; Elia et al., 2020).

Value creation in hybrid business models extends beyond firm-centric performance and emphasizes distributed, co-created, and sometimes contested value. Platform settings illustrate this clearly: entrepreneurial activity can be enabled by platform governance, algorithmic intermediation, and user-generated resources, which widen access to markets while influencing who benefits and how value is captured (Fu et al., 2023). At the same time, hybridization can intensify tensions between competing institutional logics, particularly when entrepreneurs integrate commercial objectives with social or environmental outcomes. Evidence from digitally enabled sustainable entrepreneurship indicates that digital technologies can support blended value propositions and multidimensional value capture, but also

introduce trade-offs that require deliberate design and governance choices (Gregori & Holzmann, 2020; Reuter, 2022).

Despite growing interest, the literature remains fragmented across streams on digital transformation, business model innovation, platform ecosystems, and hybrid organizing. Macro-level evidence links digital transformation capabilities to technology entrepreneurship and market expansion, implying that value creation in digital entrepreneurship is strongly conditioned by technology readiness and by how ventures balance exploration and exploitation (Jafari-Sadeghi et al., 2021). Complementary work shows how platform ecosystems can drive sustainable business model innovation by reconfiguring resources and stakeholder interactions across networks rather than within firm boundaries (Li et al., 2023). However, research also cautions that digitalization does not automatically translate into superior growth outcomes for hybrid-oriented ventures such as social enterprises, pointing to boundary conditions that challenge overly linear assumptions about digital value creation (Kotiranta et al., 2024).

To consolidate and clarify this evolving field, this article employs a systematic literature review of peer-reviewed studies published from 2020 to 2024 to synthesize how hybrid business models in digital entrepreneurship create value, for whom, and through what mechanisms. Building on recent efforts to strengthen conceptual clarity in digital business model innovation research and evidence on when business model innovation creates value under institutional contingencies, the review positions hybrid business model design as a strategic lever linking digital resources, ecosystem coordination, and contextual constraints to diverse value outcomes

(Trischler & Li-Ying, 2023; Ilyas et al., 2024). Organizing findings around value proposition, value creation and delivery architectures, and value capture and impact logics, the review aims to advance cumulative knowledge and propose a focused agenda for theorizing and measuring value creation in hybrid digital entrepreneurship.

2. Literature Review

Recent research increasingly frames hybrid business models in digital entrepreneurship as design logics that combine digital infrastructures with physical resources, human capabilities, and ecosystem relationships to create and appropriate value. In this view, "hybridity" is not only about operating across online and offline channels, but also about integrating multi-sided interactions, partner complementors, and data-driven coordination into coherent value architectures (Bican & Brem, 2020; Elia et al., 2020; Trischler & Li-Ying, 2023).

A consistent theme is that value creation is relational and ecosystem-based rather than firm-contained. Digital platforms and ecosystems can expand entrepreneurial opportunity by enabling access to markets, resource pooling, and co-creation with users and partners, while simultaneously shaping value capture through governance choices and intermediation mechanisms (Fu et al., 2023; Li et al., 2023). Evidence from platform and ecosystem research suggests that shifting to platform-centric configurations often alters the "rules" of value proposition and value capture, for example via subscription pricing, new capability requirements, and boundary-spanning coordination (Şimşek et al., 2022).

Another stream examines hybridity through sustainability and paradox lenses, arguing that digitalization can support blended value propositions but can also intensify tensions between economic and environmental goals. Studies on digitally enabled sustainable entrepreneurship emphasize that embedding digital technologies into business models may broaden impact pathways and stakeholder participation, yet often introduces trade-offs that must be actively managed through business model design and governance (Gregori & Holzmann, 2020; Reuter, 2022). These insights align with a growing recognition that value in hybrid digital entrepreneurship includes economic returns as well as broader stakeholder and societal outcomes, making "value creation" a multidimensional construct rather than a purely financial one.

Finally, the business model innovation literature provides evidence that value outcomes depend on contingencies rather than universal effects. Meta-analytic work indicates that business model innovation is generally positively associated with performance, but that institutional contexts and boundary conditions influence how strongly innovation translates into realized value (Ilyas et al., 2024). At a more granular level, empirical work shows how digital entrepreneurs redesign value creation and capture mechanisms by reconfiguring business model components, particularly in aggregator and platform-mediated settings (Saqib & Shah, 2023). Research also highlights emerging "data ecosystem" business model archetypes in which value propositions and value capture depend on collaboration and control over data resources, suggesting an expanding frontier of hybrid value creation in AI-enabled ecosystems (Toorajipour et al., 2024).

3. Method

This study applied a systematic literature review (SLR) approach to synthesize peer-reviewed evidence on how hybrid business models enable value creation in digital entrepreneurship. A structured search was conducted across major academic databases commonly used in entrepreneurship and information systems research (for example, Scopus, ScienceDirect, and Google Scholar). Search strings combined keywords related to "digital entrepreneurship", "hybrid business model", "business model innovation", "platform ecosystem", and "value creation", including relevant synonyms and Boolean operators. The review period was restricted to 2020-2024, and only journal articles published in peer-reviewed outlets and written in English were considered.

Screening followed a transparent, staged process. After removing duplicates, titles and abstracts were screened against inclusion criteria (digital entrepreneurship context; explicit focus on hybrid business model elements or hybrid organizing; and discussion of value creation, delivery, or capture mechanisms). Full-text eligibility checks then excluded conceptual pieces without clear analytical contribution, studies outside the review scope, and non-article formats (for example, editorials or book reviews). For synthesis, key metadata and findings were extracted into a standardized coding template, including business model components (value proposition, value creation and delivery architecture, value capture), enabling digital mechanisms (data, platforms, governance, partner complementarities), and reported outcomes. A thematic synthesis was used to integrate patterns across studies and to develop an

evidence-based framework explaining how hybrid business model design supports value creation in digital entrepreneurship.

4. Results and Discussion

The synthesis indicates that value creation in hybrid business models is most consistently explained through the alignment of three design layers: the value proposition (what is offered and to whom), the value creation and delivery architecture (how resources and activities are orchestrated), and the value capture logic (how benefits are appropriated and sustained). Beyond identifying the three-layer alignment, the reviewed studies collectively suggest that hybrid business models create value by resolving "frictions" that purely digital or purely physical models struggle to address. In many digital entrepreneurship settings, customer uncertainty remains high because quality is difficult to verify online, services are experience-based, or fulfillment depends on local execution. Hybrid designs reduce these frictions by pairing digital reach and convenience with physical touchpoints that strengthen credibility and continuity, such as offline verification, local partners, or professional expertise. This combination helps ventures convert digital traffic into durable relationships, supporting both adoption and repeat usage, especially when customers perceive higher risk or higher stakes in the transaction (Bican & Brem, 2020; Trischler & Li-Ying, 2023).

The review also clarifies that platform-mediated hybridity produces a distinct value creation mechanism: entrepreneurs can scale through platforms by "outsourcing" parts of the value creation process to users and complementors, but

they must actively manage the resulting interdependencies. Value is co-created through network effects, standard interfaces, and shared infrastructures, yet the distribution of value is shaped by platform governance. Algorithmic ranking, commission structures, access rules, and data visibility influence whether complementors experience empowerment or dependency, and whether ventures can defend differentiation or are pushed toward price competition (Şimşek et al., 2022; Fu et al., 2023). This helps explain why hybrid digital entrepreneurs often invest in parallel, off-platform assets (for example, offline partnerships, community building, or proprietary service layers) to reduce vulnerability to platform shocks and to stabilize long-term value capture.

A further pattern is that hybrid value creation is strongly linked to entrepreneurial capabilities for orchestration and iterative redesign. The evidence implies that successful hybrid business models treat the business model itself as a dynamic system rather than a fixed template. Digital transformation capabilities support rapid experimentation (testing propositions, pricing, and channel mixes), while operational capabilities ensure delivery quality and reliability. The balance between exploration and exploitation emerges as a practical mechanism through which ventures learn which hybrid configurations deliver the best value under their specific ecosystem and institutional conditions (Jafari-Sadeghi et al., 2021). In parallel, ecosystem-level research emphasizes that digital entrepreneurship is embedded in broader digital entrepreneurial ecosystems that influence access to resources, legitimacy, and partner readiness, meaning that hybrid models often

succeed when they "fit" local ecosystem conditions rather than when they merely replicate globally popular templates (Elia et al., 2020; Bejjani et al., 2023).

On the value capture side, the reviewed studies suggest that hybrid models increasingly rely on layered monetization strategies, where one layer drives adoption and another drives profitability. For example, ventures may use low-friction digital entry points (freemium, matchmaking, or standardized transactions) to build volume, while capturing value through premium services, offline bundles, subscriptions, or partner-based revenue shares. Research on data ecosystems extends this logic: as AI-enabled services become more common, value capture depends not only on revenue design but also on who controls data access, governance rights, and complementary resources across the ecosystem (Toorajipour et al., 2024). At the same time, the meta-analytic evidence underscores that business model innovation does not yield uniform returns; institutional environments, market maturity, and regulatory conditions influence whether novelty and hybridity translate into realized performance benefits (Ilyas et al., 2024).

The discussion also highlights that "value" in hybrid digital entrepreneurship is multidimensional and can involve paradoxical outcomes. In sustainability-oriented settings, hybrid models can broaden participation and impact pathways, but growth incentives and efficiency pressures may conflict with environmental or social objectives, creating persistent tensions that require governance and design responses rather than one-time solutions (Gregori & Holzmann, 2020; Reuter, 2022). Similarly, in social enterprise contexts, digitalization may increase reach without necessarily producing growth, especially where capabilities, funding, or ecosystem readiness

constrain execution and scaling (Kotiranta et al., 2024). Overall, these results support a contingency-based interpretation: hybrid business models create value when digital mechanisms, ecosystem orchestration, and institutional fit reinforce each other, and they underperform when one layer (for example, platform dependence or weak delivery capacity) undermines the overall design coherence.

5. Conclusion

This review shows that value creation through hybrid business models in digital entrepreneurship is not simply the result of adopting digital technology. Value emerges when entrepreneurs intentionally align three elements: a clear value proposition, an effective value creation and delivery architecture that leverages both digital and non-digital resources, and a value capture logic that is resilient over time. Hybrid models appear most powerful when they reduce market frictions (such as trust, quality uncertainty, and coordination costs) while preserving the scalability and reach enabled by digital infrastructures. At the same time, hybridity is inherently strategic because it requires continuous choices about openness versus control, dependence versus autonomy, and standardization versus differentiation.

Several limitations may have influenced the validity and scope of these conclusions. First, the literature does not consistently define key concepts such as "hybrid business models" and "value creation", which reduces comparability across studies and may introduce interpretive bias during synthesis. Second, much of the available evidence is shaped by publication patterns that can favor success stories, well-documented platform cases, and contexts with stronger digital readiness,

potentially underrepresenting failures, informal ventures, or low-infrastructure environments. Third, the reviewed studies vary in methodological depth, industry coverage, and geographic focus, meaning that contextual factors (regulation, ecosystem maturity, and institutional constraints) may limit how far the insights can be generalized across different settings.

Future research should address these gaps by developing clearer typologies and measurement approaches that capture hybrid business model configurations and multidimensional value outcomes beyond short-term financial performance. Comparative studies across countries and sectors would help test boundary conditions and explain when hybridity strengthens resilience versus when it increases complexity and vulnerability, especially under platform governance and data control. Longitudinal and process-oriented designs are also needed to observe how hybrid ventures redesign their models over time, how ecosystem relationships evolve, and how value distribution shifts as AI-driven data ecosystems become more influential. As a closing statement, the central implication is that hybrid business models should be treated as dynamic systems: they create value when their digital mechanisms, operational realities, ecosystem relationships, and institutional fit reinforce each other, and research that makes these interactions measurable and comparable will most effectively advance theory and guide practice.

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