

# CHAPTER 1 | Strategies

## One for All, All for One

Link and Motivation was established in 2000 by seven people. When we began hiring mid-career employees, we took out an advertisement stating that “Corporations are leaving the most important management issue till last.” The fact that this message resonated with more than 200 applicants convinced us of the social need for addressing the theme of motivation.

Another aspect of our management philosophy equal in importance to achieving the “motivation” in our company name is realizing “One for All, All for One.” This is the overriding theme in developing our organizational and human resource strategies. Thinking in terms of individuals and organizations, it can be rephrased as “The Individual for the Organization, the Organization for the Individual.” Focusing too closely on the desires of individuals makes an organization unable to maximize its results; conversely, too close a focus on organizational results will exhaust the individuals in it. We therefore believe that an essential element of corporate management is realizing high levels of both “One for All” and “All for One.”

We use Engagement Score (ES), a metric developed by Link and Motivation, to quantify the status of “One for All, All for One” among the Group’s organizations and individuals. In addition, this score can be used as a yardstick for comparing organizations. Our Engagement Rating (ER) metric is a simple way of organizing that data for disclosure. Nine of the 11 companies in the Link and Motivation Group have an ER of AAA—the highest level. We regard ES and ER as key organizational metrics and believe the results reflect the passion our employees have for their work.

In maintaining this high ER—in other words, this high level of “One for All, All for One”—we continue to be the world’s foremost company in its commitment to utilizing Motivation Engineering, which is the Group’s core technology, by managing our recruiting, development, systems and corporate culture to create organizations that serve as role models for society.

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## 01 Management Approach

### Mission

Through Motivation Engineering, we provide opportunities to transform organizations and individuals and create a more meaningful society.

### Business

Creation of an Engagement Chain

–Optimization of people and technology–



### Organization

Realization of "One for All, All for One"

–Enhancement of employee engagement–

Productivity

Human Capital ROI  
**34.0%**

### Organizational Strategy Focus Areas



## Linking Employee Motivation to Business Strategy

Some take the view that "human resources are determined by business strategy," but we also believe that **"business strategy is determined by human resources."** In the long term, we will grow by linking our "engagement chain" business strategy and our "One for All, All for One" organizational strategy to carry out our Mission.

In order to produce optimal solutions from our business and organizational strategies, our monitoring looks at **enhancement of employee engagement as the key theme, for the purpose of increasing productivity (i.e., human capital ROI).**

To create an engagement chain and realize "One for All, All for One," **our management emphasizes four domains: Recruiting, Development, Systems and Culture.**

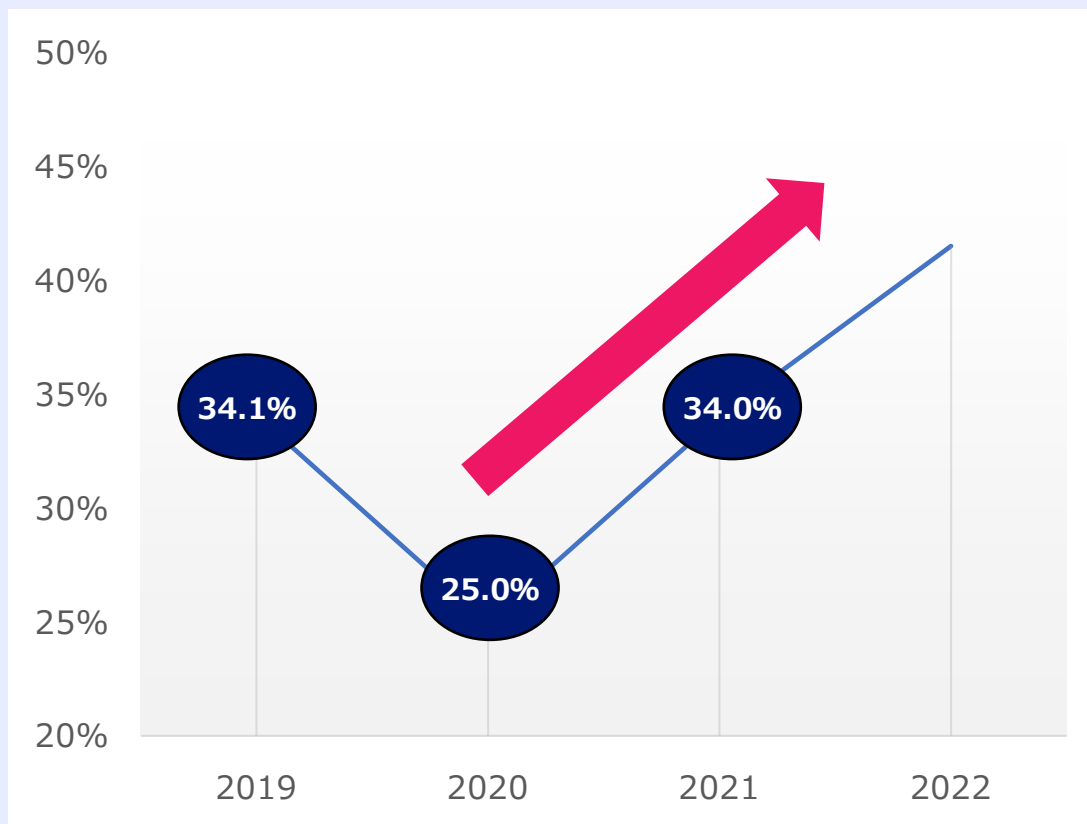
All our organizational strategies are designed and implemented based on Motivation Engineering, our core technology and the source of our competitive advantage. We ourselves are a testing ground for Motivation Engineering, and we value being a role model for organizations.

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## 02 Productivity

### Human Capital ROI

Human Capital ROI  
**34.0%**



Note: Human capital ROI = Adjusted operating income ÷ Human capital costs  
Human capital costs are calculated as total personnel expenses including salaries, bonuses and benefits expenses, as well as executive compensation, etc.

## Ongoing Pursuit of Productivity from Linking Our Business and Organizational Strategies

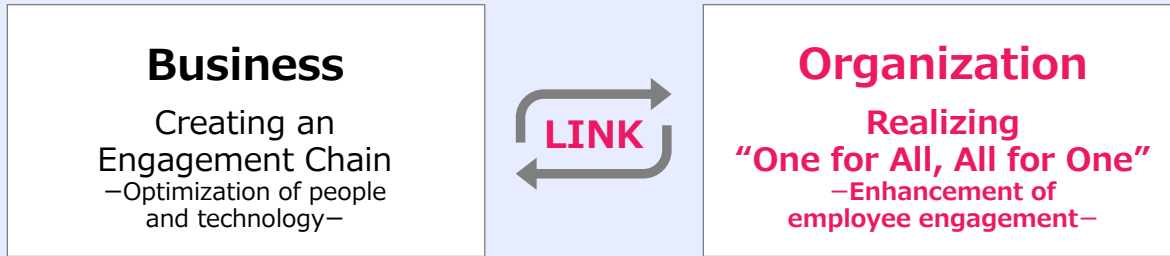
We emphasize productivity as a metric that shows the degree of optimization of the linkage between our business strategies and our organizational strategies. In particular, the Link and Motivation Group monitors **human capital return on investment (ROI)**, as a core metric.

In 2021, human capital ROI for the Group was 34.0%. Human capital ROI decreased in 2020, as the Group continued human capital investment even though the operating margin declined due to the COVID-19 pandemic. However, human capital ROI returned to the **same level as 2019 in 2021**.

We aim for further improvement in 2022. We believe that **making appropriate investments in human capital and achieving higher returns on those investments is essential for maximizing results and improving employee engagement**. We therefore constantly monitor these factors as part of management that aims to balance investment and returns.

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## 03 Key Organizational Themes



### Key Themes for Increasing Productivity

Top priority:  
**Employee  
Engagement**

**Engagement Rating**  
Group companies with AAA rating  
**9 of 11**

Promoting organizational  
digital transformation (DX)  
tailored to business  
strategies

**Average DX Score**  
**98.9 out of 200**

## Employee Engagement is Our Top Priority

To achieve the organizational objective of “One for All, All for One,” we **regard enhancement of employee engagement as our top priority.**

Attracting quality talent according to our business strategies and maintaining high employee engagement will lead to higher productivity.

In our business strategies, we are making a Group-wide push to enhance the value we deliver to customers through people and technology, under the banner of the “engagement chain.” We believe it is essential to promote the digital transformation of organizations in addition to improving employee engagement, in order to create an engagement chain. We are working to improve the IT skills of every employee, as well as to introduce various technology tools and reform our business processes.

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## 04 Employee Engagement

### Engagement Survey Results

Number of Companies Ranked AAA  
**9 out of 11**

Engagement Score	Engagement Rating	2019 (Feb.)	2020 (Feb.)	2021 (Feb.)	(Companies) 2022 (Feb.)
67 or higher	<b>AAA</b>	<b>11</b>	<b>10</b>	<b>11</b>	<b>9</b>
Less than 67	<b>AA</b>	-	<b>3</b>	<b>1</b>	<b>1</b>
Less than 61	<b>A</b>	<b>1</b>	-	-	-
Less than 58	<b>BBB</b>	-	-	<b>1</b>	<b>1</b>
Less than 55	<b>BB</b>	-	-	-	-
Less than 52	<b>B</b>	-	-	-	-
Less than 48	<b>CCC</b>	-	-	-	-
Less than 45	<b>CC</b>	-	-	-	-
Less than 42	<b>C</b>	-	-	-	-
Less than 39	<b>DDD</b>	-	-	-	-
Less than 33	<b>DD</b>	-	-	-	-

Note: The total number of Group companies differs by fiscal year due to restructuring.

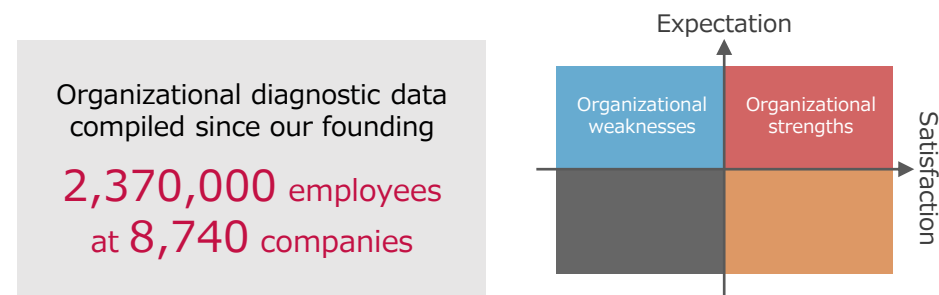
### High Employee Engagement Enhances the Effectiveness of Business Strategies

Maintaining a high level of employee engagement is the foremost objective of our organizational strategy.

We therefore monitor our **Engagement Rating**, which ranks companies based on their Engagement Score. Currently, **nine out of 11 Group companies have the top AAA rating**, and we believe this high level of employee engagement is a competitive advantage of the Link and Motivation Group.

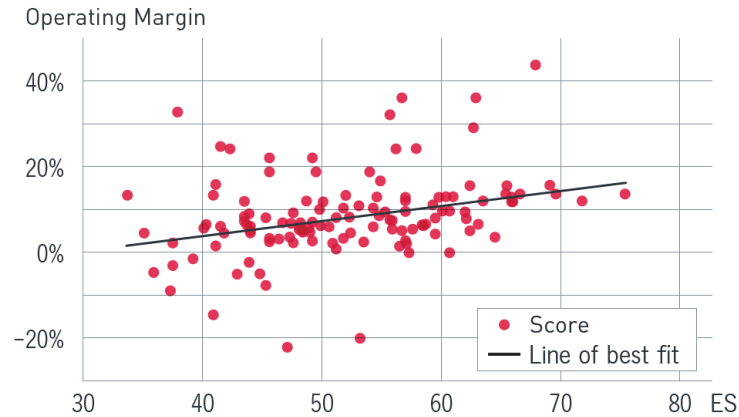
#### Engagement Score (ES)

Calculated based on the levels of employee expectation and satisfaction with their company and the degree of matching between the two factors, using Link and Motivation's database, which is one of the largest such databases in Japan.

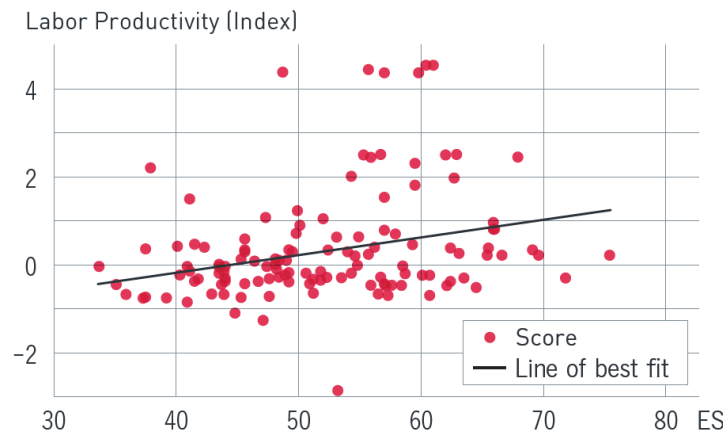


Note: Patent registration no. JP6298855

## Correlation between ES and Operating Margin



## Correlation between ES and Labor Productivity



## Employee Engagement Is Correlated with Business Results

The Link and Motivation Group has helped to resolve the organizational issues of about 10,000 companies, but organizational issues in corporate management are endless. We see the creation of organizations the same way an artist sees creating art, and, above all, we will continue to deal with organizational issues to make us the best example of creating that art. We have come to the conclusion that **the most important factor in creating a strong organization is employee engagement (the degree of mutual understanding and affinity between a company and its employees)**. Proof is in the correlation between our unique indicator, Engagement Score (ES), which quantifies employee engagement, and the growth rate of a company's operating margin.

We conducted joint research with the Iwamoto Laboratory at Keio University's Graduate School of Business Administration on the relationship between ES on the one hand and operating margin and labor productivity on the other. Based on the finding of a 0.35% increase in the current-year operating margin and a 0.035-point increase in the labor productivity index for each one-point increase in ES, the study concluded that **improvement in ES contributes to improvements in operating margin and labor productivity**.

Note: In this analysis, labor productivity is defined as EBITDA per yen of salary paid to employees.

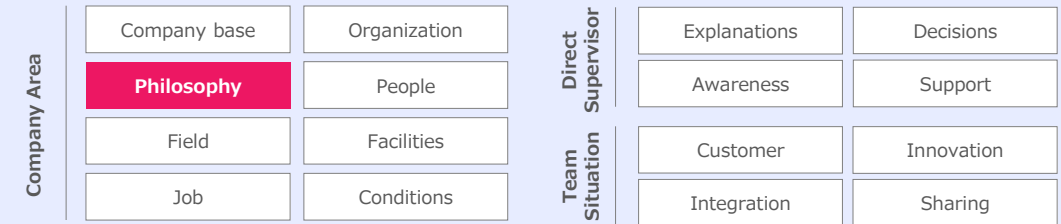
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## 04 Employee Engagement

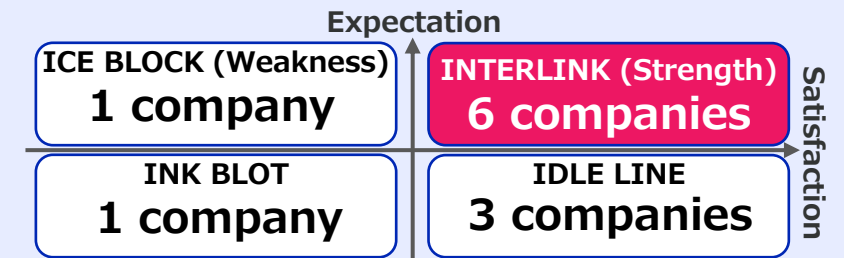
### Engagement Survey Details Part 1

Group Company		Employees	2019 (Feb.)	2020 (Feb.)	2021 (Feb.)	2022 (Feb.)
Organizational Development Division	Link and Motivation Inc.	388	AAA	AAA	AAA	AAA
	Link Global Solution Inc.	22	AAA	AAA	AAA	AAA
	Link Event Produce Inc.	20	AAA	AA	AAA	AAA
	Link Corporate Communications Inc.	79	AAA	AAA	AAA	AAA
Individual Development Division	Link Academy Inc.	511	AAA	AAA	AAA	AAA
	Motivation Academia Inc.	31	AAA	AAA	AAA	AAA
Matching Division	Link Interac Inc.	172	AAA	AAA	AAA	AA
	Link Japan Careers Inc.	17	AAA	AAA	AAA	AAA
	Link Staffing Inc.	15	AAA	AAA	AAA	AAA
	Link-i Inc.	20	AAA	AAA	AAA	AAA
	OpenWork Inc.	74	-	AA	BBB	BBB

### Engagement Factors and Group Priority Factors



### Positioning of Priority Factor "Philosophy" by Company



### Instilling Our Philosophy Promotes Group Growth

The Link and Motivation Group has made **"Philosophy"** its priority factor for analyzing employee engagement. There are two reasons for this. **First, we believe that any organization we form should be inextricably connected through our principles and management philosophy.** Organizations are a mechanism for accomplishing that which no individual could accomplish alone.

We form organizations as teams to achieve a mission, so we emphasize the engagement factor of "Philosophy" as a metric indicating our success in that regard. **Second, our analysis has shown that a company's "Philosophy" score is correlated with its Engagement Score.**

We aim to be a Group whose common thread is not a single person (i.e., our founder), but rather our principles and management philosophy. This will enable us to continue providing value long into the future.



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## 04 Employee Engagement

### Engagement Survey Details Part 2

#### Engagement Survey Results by Attribute

By Division	Subjects	ER
Organizational Development Division	509	AAA
Individual Development Division	542	AAA
Matching Division	298	AA

By Gender	Subjects	ER
Male	734	AAA
Female	614	AAA

By Nationality (Region)	Subjects	ER
Japan	1,164	AAA
Asia (excluding Japan)	11	AAA
Oceania	6	AA
North America	34	AAA
Central and South America	2	AAA
Europe	11	AA

### High Employee Engagement Facilitates the Success of Diverse Employees

People are intrinsically diverse, and whatever their gender, age or nationality may be, each person has their own unique background. Therefore, as the number of employees increases in tandem with our business expansion, the degree of diversity among employees in our organization will continue to increase as well.

This increase brings with it opportunities to generate innovation and improve motivation through the synergies generated among diverse individuals. We place great importance on continuing to create such opportunities.

We **emphasize relationships with diverse employees**. That is why we **emphasize employee engagement (the degree of mutual understanding and affinity between a company and its employees)**. We do this because we believe that the strong bonds between our Group companies and their employees enable each diverse employee to play an active role and generate innovation. For that reason, we pay close attention to employee engagement across a variety of attributes and take pride in the high level we have achieved.

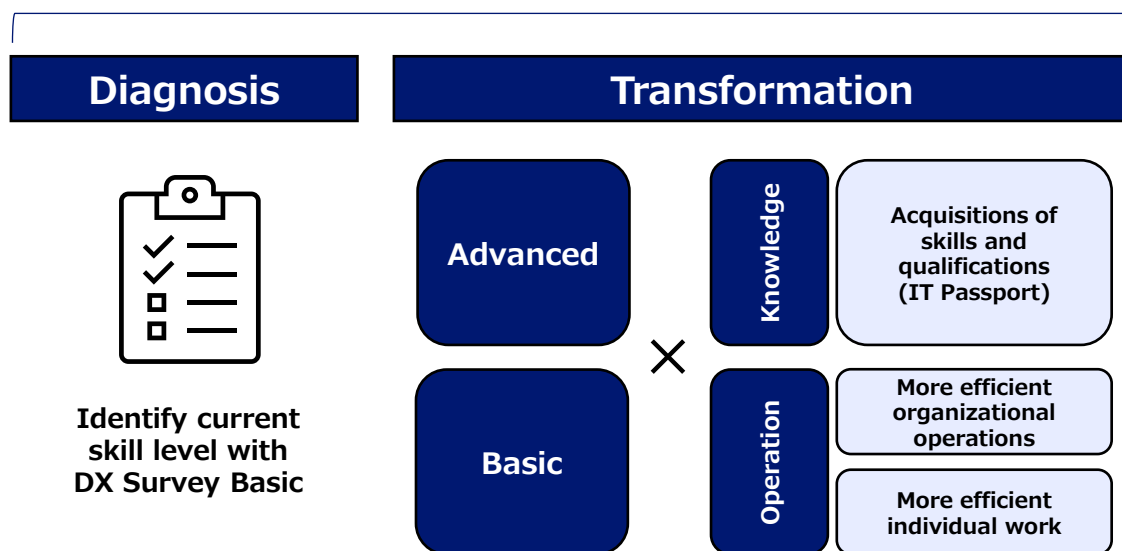
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## 05 Enhancing Digital Transformation of Organizations

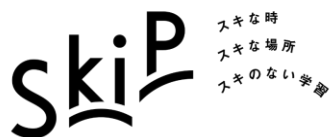
Process for Enhancing Digital Transformation (DX)

Average DX Score  
**98.9 out of 200**

Six-Month Cycle



Identify current skill level with DX Survey Basic



### Increasing Individual Productivity by Improving IT Literacy

To raise productivity as an organization and drive further business growth, **improvement of the IT literacy of each employee** is essential. Since 2021, throughout the Link and Motivation Group, we have been raising this literacy by introducing our service to support digital transformation (DX) for individuals at companies, which is provided by the Individual Development Division.

In 2021, we administered the DX Survey to measure the IT knowledge and IT operation proficiency level of individual employees. The result (DX score) was an **average of 98.9 points for the Group** as a whole. In 2022, we will work to further improve IT skills and aim to raise the average to 110 points.

In addition, we have been **appointing Technology Administrators to promote digitalization** at each Group company, and we are promoting not only greater IT literacy among individuals, but also **more efficient organizational operations**. We will repeat the cycle of diagnosis and transformation regularly to enhance DX throughout the Link and Motivation Group.