

Chapter

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Human Capital Management in the Consulting & Cloud Business

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Message from the President

Providing Effective Customer Support by Insisting on Management That Practices What It Preaches

Capitalizing on Uniquely Advantageous Conditions to Ramp Up the Growth of the Consulting & Cloud Business

Judgments of a company's worth have traditionally been based solely on tangible elements such as its sales, products and services. However, these elements alone cannot fully measure a company's prospects for the future. They are reflected in the strength of the company's relationships with its various stakeholders, including employees and job applicants, customers, business partners, shareholders and investors. To properly communicate this intangible value and redefine corporate worth, Link and Motivation created the Engagement Score shortly after its founding. Engagement Score is an indicator for the degree of mutual understanding and affinity between a company and its employees. For more than 20 years, we have supported organizational transformation at numerous companies from mid-sized and growing venture firms to major corporations.

Now that disclosure of information on human capital has become mandatory in Japan, disclosure of engagement has made rapid advances in recent years, and I sense that an unprecedented wave of change is imminent. To capitalize on these uniquely advantageous conditions, we are now focusing on our Consulting & Cloud Business.

【Human Capital Management at Link and Motivation】

Improve our own organizational capabilities

Make full use of our own solutions to put our organization building into practice

Impact on business

Act as a role model to promote human capital management at customer companies

Sakashita Hideki

President and Representative Director, Link and Motivation Inc.
Joined Recruit Co., Ltd. in 1991 and participated in the establishment of Link and Motivation Inc. as a founding member. He has been serving in his current position for 13 years.



Providing Effective Customer Support with a Commitment to Practicing What We Preach

Our business is based on Motivation Engineering, our core technology, and Link and Motivation itself serves as our proving ground. When we develop products, for example, we first introduce them in-house. In this way, we only offer customers products with proven effectiveness. Because our employees have this practical experience in their own jobs, they can provide support attuned to customer issues rather than mere theorizing. This serves as the driving force for human capital management at customer companies.

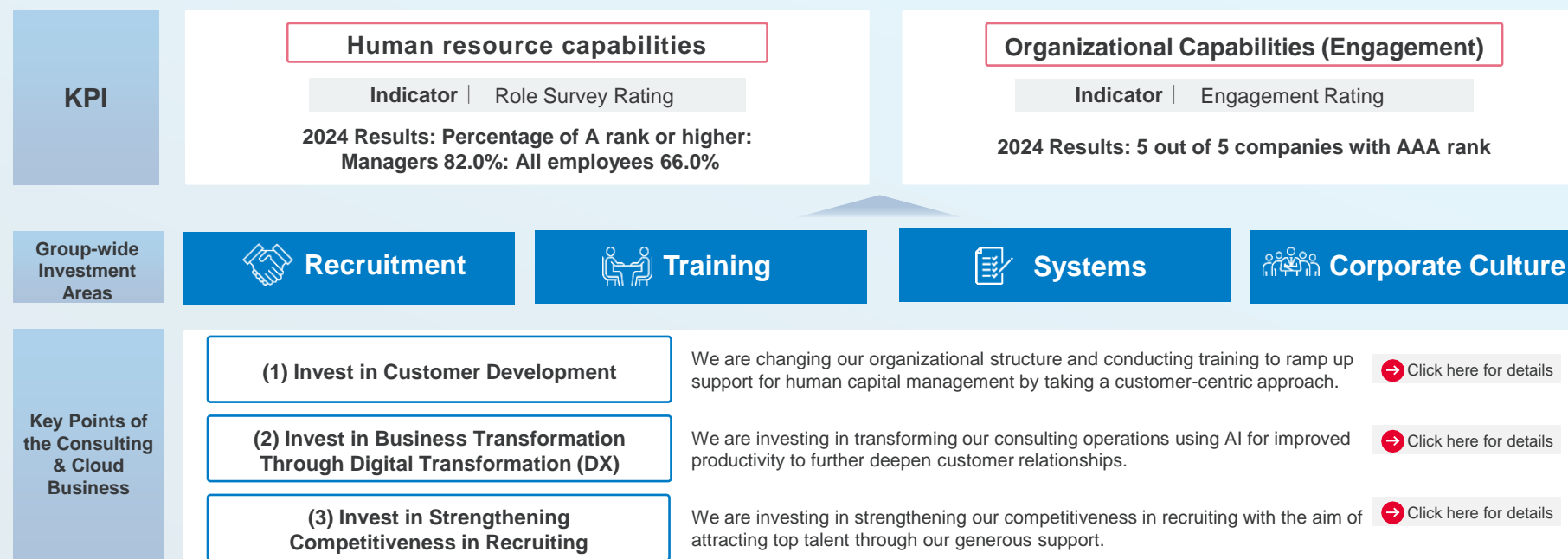
Clearly, our own human capital management itself has a direct impact on our business, and this gives us competitive advantages other companies cannot match. Therefore, we feel a strong commitment to remain a role model for human capital management. As the importance of human resources continues to increase, we will remain committed to ensuring that human capital management is not treated as a passing trend. Rather, we will continue to put human capital management into practice to improve its quality at our own company and support the overall transformation of Japanese companies.

An Organizational Strategy Linked to Business Strategy (Consulting & Cloud Business)

As corporate needs for human capital management rise, we have made the Consulting & Cloud Business the focus of our business strategy. In addition to investing Group-wide in recruiting, training, systems and corporate culture, we will further increase our corporate value by ramping up investments specific to this business.



Management areas from the perspective of increasing value(proactive investment to generate business results)



Key Point 1: | Invest in Customer Development

The Consulting & Cloud Business provides comprehensive support for its customers' human capital management. We are working to further transform our organization by reviewing its structure and conducting training to build a foundation for deepening our engagement with customers.

Objective

Ramp Up Support for Human Capital Management by Taking a Customer-Centric Approach

Pick up Data

Customer Feedback | Taisei Corporation

Service implemented: Motivation Cloud Engagement



Link and Motivation has extensive data on the construction industry, which it analyzes and uses to support our organizational transformation.

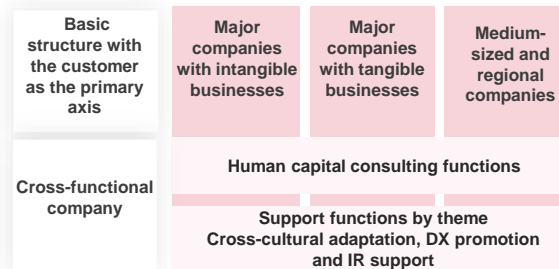
Going beyond simply making suggestions to management about the issues we face, Link and Motivation provides multifaceted support that has helped to improve engagement, including holding consultation sessions with more than 100 department supervisors and producing a publication that compiles management know-how. These initiatives have also been covered in our integrated report and serve as key themes for dialogue with investors.

Going forward, we look forward to even wider-ranging support for increasing our corporate value.

Measures in Detail

Customer-Centric Organizational Structure

In 2024, we changed the primary axis of our organizational structure from our products to our customers. Now that we have a structure that allows consultants to provide integrated customer support, we are making progress in deepening our relationships with customers.



Establishing Our Brand in the Industry

Under our new structure, we engage with each industry in greater depth. We support a wide range of customers, and most recently we have broadened our support in the construction and infrastructure industries, where work style reforms are under way.

Examples of Companies Using Motivation Cloud



Training with Speakers from Our Management Team

Training for consultants is mainly conducted by our training organization, LM College. Speakers from our management team shared their standards for representative cases of transformation and know-how for making large-scale proposals. Participants rated their satisfaction at a high level of 4.8 on a scale of 5.



Comments from Participants

「This training session provided an in-depth summary of key points from Link and Motivation's unique perspective, so it was very informative.」

「The scope of my proposal was too narrow, so I realized that I need to delve deeper into the customer's business when thinking about the organization.」

Key Point 2: | Invest in Business Transformation Through Digital Transformation (DX)

We are transforming our consulting operations through DX that uses AI. We intend to utilize the time saved as a result of improved productivity to deepen customer relationships, thus further strengthening our competitive advantage.

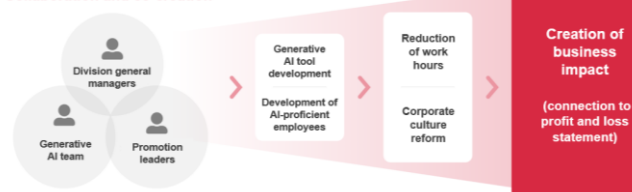
Objective

Further deepen customer relationships through improved productivity

Details

We established a team for promoting generative AI, mainly from our internal engineering team. The team collaborated with a specialist consulting team to establish a cycle for developing and utilizing AI tools to create case studies of transformation and to accumulate knowledge. By also assigning staff to create tools in the field and staff with an understanding of the overall work process who can assess the impact from using those tools, we were able to create a substantial impact on the business.

Collaboration and co-creation

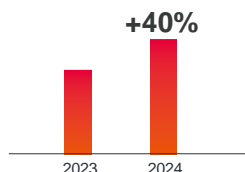


Pick up Data

Reduced work hours

10,560
work hours/year
Approx. 25% reduction YoY

Sales per employee



Comments from Employees in the Field

「Leaving tasks that can be systematized like survey analysis and information gathering to AI gives me more time to think. This leads directly to greater value for customers.」

「Industry analysis and research on customer companies have become far more efficient, so I can spend more time preparing for conversations with customers, which increases their satisfaction.」

Use of Various AI Technologies

We use various AI technologies to select the best tool for the characteristics of each business. The following AI technologies are the ones we use most frequently.

- ChatGPT : Organizing thoughts, summarizing, generating text, etc.
- Perplexity/Genspark : Collection of information
- Dify/n8n : AI tool development
- Gamma : Document creation
- tl;dv/Tactiq : Transcription

Incorporation in Standard Processes

When developing AI tools, we insist on creating mechanisms to facilitate their use in the field. By incorporating the tools as required into consulting processes that are already in place, we established a framework for their immediate use by anyone. We monitored the time spent using generative AI tools and achieved improved productivity throughout the organization.

From 2025 onward, we will aim for even greater productivity by expanding the scope of application to additional departments.

Key Point 3: Invest in Strengthening Competitiveness in Recruiting

As the working population decreases, making it more difficult to attract top talent, strengthening competitiveness in recruiting has become a key management topic. We are working to further strengthen our recruiting competitiveness through ongoing investment in human capital to attract top talent in the Consulting & Cloud Business.

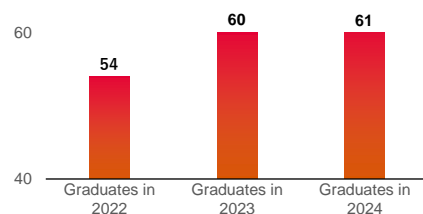
Objective

Attract top talent through generous support

Pick up Data

Number of New University Graduates Hired by Link and Motivation Inc.

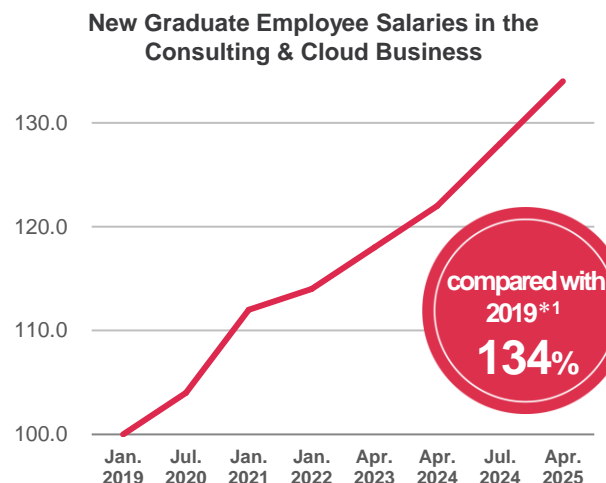
In recent years, the human resources we seek have continued to join the Company in the numbers we expect, meeting our standards in terms of both quantity and quality.



Details

Continuous Increase in Base Pay

The Link and Motivation Group has been providing continuous increases in base pay since the COVID-19 pandemic in 2020. In April 2025, the Consulting & Cloud Business plans to implement its seventh base pay increase since 2020. We are not simply raising salaries but also improving productivity.



* 1 Calculated using pay as of January 2019 as 100.

Introduction of Scholarship Repayment Program

To continue supporting young talent and further improve our recruiting competitiveness, we decided to introduce a scholarship repayment program through the Japan Student Services Organization (JASSO) for new graduates joining the Link and Motivation Group from 2026 onward.

Feature 1: Full Repayment Coverage

Instead of payment as an allowance to employees, Link and Motivation covers the full amount through direct repayments to JASSO.

Feature 2: Shortened Repayment Period Possible

Repayments of ¥50,000 per month (¥600,000 per year) enable full repayment in a short period.

Fixed repayment method*2

13 years

LMG program*3

2.4 years

* 2 Total loan of ¥1.44 million ÷ basic annual repayment amount of ¥110,000 = 13.09 → repayment in 156 installments (13 years)
(JASSO website, scholarship repayment period calculation table)

* 3 Total loan of ¥1.44 million ÷ monthly repayment amount of ¥50,000 (¥600,000 per year) = repayment in 2.4 years

Linking Human Capital Management to Support for Customers and Transformation of the Industry

Hirabayashi Koji

Consultant, Link and Motivation Inc.



Reason for Joining LMG

In my university soccer club, I felt both a sense of accomplishment and fulfillment from the shared purpose of our activities. I was attracted by the fact that Link and Motivation was trying to help others achieve that same feeling.

Changes in the Breadth and Depth of Customer Relations

What changes have resulted from the shift to a customer-centric organizational structure in 2024? (→ p.15)

The changes have been of two kinds, in breadth and in depth. First, the breadth of our customer contact base has expanded significantly. The previous structure was organized around individual products or services, so everyone interacted mostly with people in the departments related to the products and services they were responsible for. Now that our work is delineated by industry, we can interact with people in various departments, including recruiters in human resources, as well as people in corporate planning and investor relations. This gives us a more multifaceted understanding of the issues a company faces and more opportunities to demonstrate the strengths of our one-stop solutions, which extend from diagnosis and transformation to disclosure.

In addition, the depth of our understanding of customers has improved remarkably. In addition to adopting a macro perspective for understanding industry-wide trends, in the general construction industry, for example, increased opportunities to directly engage with actual challenges at each worksite has substantially improved our ability to fine-tune our understanding of customers.

As a result, many customers have expressed surprise at the extent of our understanding and support. This has enabled us to make proposals tailored to customers' actual workplace situations, and I think we are earning greater trust from being closely attuned to overall corporate organizational and management issues.

Experience in Actual Organization Building Leads to Customer Implementation of Human Capital Management

Link and Motivation emphasizes the connections between businesses and organizations. What do you gain from being involved in human capital management?

The most important benefit is the ability to gain a deep empathy with the issues our clients face. Link and Motivation emphasizes the connections between businesses and organizations, and basically our consultants not only support customers but also help manage organizations.



Last year, my department won an award as the organization that created the most value during the year. The award uses engagement as one of the evaluation criteria in addition to business performance. For example, the difficulty of balancing new and existing businesses, or of finding a balance between improving business performance and meeting members' needs, are things that can only be understood in real terms from experiencing them. The ability to have an empathetic dialogue builds relationships of trust with customers.

In addition to diagnosing engagement, we also provide one-stop solutions for transforming recruitment, training, systems and corporate culture. We don't just identify a problem and make a proposal, but work alongside our customers to support them until the problem is resolved. I think that is a major strength of Link and Motivation.

Support for human capital management to create a movement that impacts the whole industry

How will you continue to support your customers going forward?

We hope to create a movement that will influence the entire industry. We will need to produce numerous iconic examples of organizational transformation that will attract attention in the industry. We want to become an indispensable presence for companies by establishing our brand in the area of support for implementation of human capital management that connects management and the front lines.

Human Capital Data

Correspondence with ISO 30414 Metrics

[Click here for Human Capital Data](#)

No.	Metric	Insert	No.	Metric	Insert	No.	Metric	Insert
1	Compliance and ethics		5	Organizational culture		9	Skills and capabilities	
1-1	Number and type of grievance filed	✓	5-1	Engagement/satisfaction/commitment	✓	9-1	Total developing and training costs	✓
1-2	Number and type of concluded disciplinary action	✓	5-2	Retention rate	✓	9-2	Training participation rate	✓
1-3	Percentage of employees who have completed training on compliance and ethics	✓	6	Organizational health, safety and well being		9-3	Average formalized training hours per employee	✓
1-4	Disputes referred to external parties		6-1	Lost time for injury	✓	9-4	Percentage of employees who participate in training compared with total number of employees per year	✓
1-5	Number, type and source of external audit findings and actions arising from these	✓	6-2	Number of occupational accidents	✓	9-5	Workforce competency rate	
2	Costs		6-3	Number of people killed during work	✓	10	Succession planning	
2-1	Total workforce costs	✓	6-4	Percentage of employees who participated in training	✓	10-1	Succession effectiveness rate	✓
2-2	External workforce costs	✓	7	Productivity		10-2	Succession coverage rate	✓
2-3	Ratio of the average salary and remuneration	✓	7-1	EBIT/revenue/turnover/profit per employee	✓	10-3	Succession depth rate: ready now	✓
2-4	Total costs of employment	✓	7-2	Human capital ROI	✓	10-4	Succession depth rate: ready in 1-3 years/4-5 years	✓
2-5	Cost per hire	✓	8	Recruitment, mobility, turnover		11	Workforce availability	
2-6	Recruitment costs	✓	8-1	Number of qualified candidates per position		11-1	Number of employees	✓
2-7	Turnover costs		8-2	Quality per hire	✓	11-2	Number of employees: full-time and part-time	✓
3	Diversity		8-3	Average length of time to fill vacant position	✓	11-3	Full time equivalents	✓
3-1	Workforce diversity ratio with respect to age	✓	8-4	Average length of time to fill vacant critical position	✓	11-4	Contingent workforce: independent contractor	
3-2	Workforce diversity ratio with respect to gender	✓	8-5	Transition and future workforce capabilities assessment		11-5	Contingent workforce: temporary workforce	
3-3	Workforce diversity ratio with respect to disability	✓	8-6	Percentage of positions filled internally	✓	11-6	Absenteeism: unplanned leave	✓
3-4	Workforce diversity ratio with respect to other indicators of diversity	✓	8-7	Percentage of critical business positions filled internally	✓			
3-5	Diversity of leadership team	✓	8-8	Percentage of critical positions	✓			
4	Leadership		8-9	Percentage of vacant critical business positions in relation to all vacant positions	✓			
4-1	Leadership trust	✓	8-10	Internal mobility rate	✓			
4-2	Span of control	✓	8-11	Employee bench strength	✓			
4-3	Leadership development	✓	8-12	Turnover rate	✓			
			8-13	Voluntary turnover rate	✓			
			8-14	Voluntary critical turnover rate	✓			
			8-15	Exit/turnover reasons/leaving employment by reason	✓			





Scope of Reporting
Reporting Period
Publication Date

Link and Motivation Inc. and consolidated subsidiaries
January 1, 2024 to December 31, 2024 Note: Includes some information from outside the reporting period.
March 2025

Note: Forward-looking statements in this report are forecasts determined by the Link and Motivation Group based on information available at the time of production, and include potential risks, uncertainties and other factors.