**How does HR Department’s Client Relationship Management impact on organizational performance in China—Mediate effect of human capital?**

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**Abstract:** HR department’s client relationship management (HRDCRM) is an area of growing research interest in the field of strategic human resource management practices. By introducing human capital as a mediating variable, with a survey among CEO, middle and line managers, and line staff in 260 Chinese enterprises, an empirical research on the effects of HRDCRM on organizational performance is conducted. Empirical results indicate that controlled by enterprises’ ownership and lifecycle-stage, human capital either completely or partially mediates effects of HRDCRM’s factors on the two parts of organizational performance (new product performance and business financial performance). The findings show that the combination of HRDCRM as optimal HR management practices with human capital as organizational strategic assets will further improve organizational performance.

**Keywords:** China; HR department’s client relationship management; human capital; mediate effect; organizational performance

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**Key points**

*1 HR department in China should supply services to various clients including internal employees and external stakeholders.*

*2 There is strong evidence that human capital plays a mediate role in HRDCRM--organizational performance relationship.*

*3 The role of HR department has become more strategic and holistic.*

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