



From overwhelmed to empowered:

Nonprofit HR's AI moment



The science behind
a new world of work



About our research

This report is based on MHR's 2025 survey of more than 300 HR, payroll and finance leaders in U.S.

The study captures how leaders are thinking about AI and where it's making the biggest impact.

From overwhelmed to empowered: Nonprofit HR's AI moment

Running HR at a nonprofit is tough. There's always more work than people to do it and the mission can't wait for a slower day.

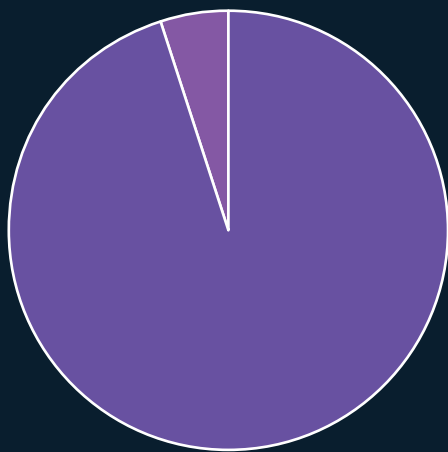
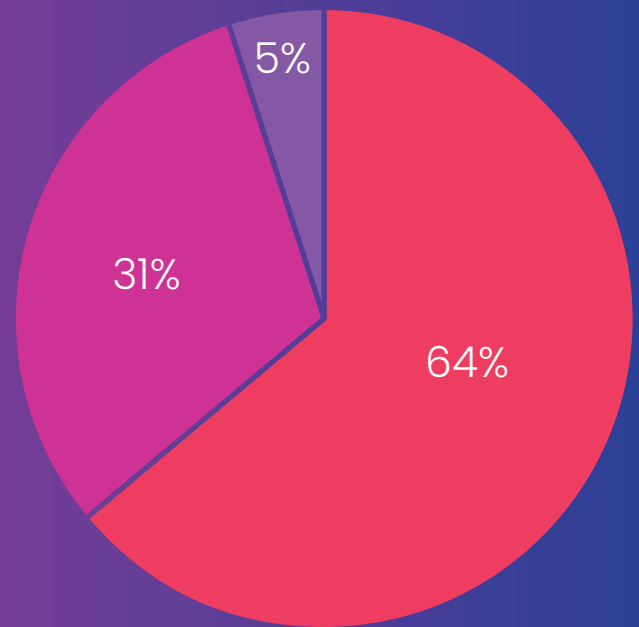
One day you're updating employee policies to meet new regulations. The next you're hiring a large volume of seasonal staff. In between you are answering payroll questions, chasing down missing forms and calming managers who are just as stretched as you are.

The strain is undeniable. A missed compliance deadline can put funding at risk. A payroll error can damage trust with employees who already give so much of themselves to the cause. For small but mighty HR teams, every spreadsheet, policy update and system gap carries weight.

AI isn't here to replace the people who hold your mission together. It's here to take away the late-night spreadsheet edits, the endless rekeying of forms, the payroll corrections.

AI adoption is on the priority list for HR leaders

- High priority
- Moderate priority
- Low priority or not at all



AI is now table stakes in HR tech buying

- Important or very important
- Unimportant or very unimportant

AI is rising to the top of HR priorities

If you're running HR at a nonprofit, you know the pressure firsthand. The turnover. The compliance headaches. The never-ending workload with a team that depends on you to hold it all together. The urgency is real and it's not just nonprofits feeling it.

Across HR, leaders are making it clear that AI is here to stay:

- 64% rank AI as a high priority
- 31% call it a moderate priority
- Only 5% place it low or not at all

Why? Because AI can take on the work that drains your hours. Think about summer hiring for your youth program: 40 seasonal camp counselors to bring on and no extra HR help in sight. Suddenly you're buried in spreadsheets, forms and paperwork. Now imagine the system handling it for you: every form complete, every check cleared and everything ready before day one. That's the kind of support AI can give resource-strapped nonprofit HR teams.

And nonprofits aren't alone in wanting that kind of support. When evaluating new HR, payroll or finance software:

- 90% of HR leaders say AI features are important or very important
- Just 5% dismiss AI as unimportant or very unimportant

AI isn't a luxury anymore. It's the baseline. Especially for nonprofits, it's the only way to keep moving forward without burning out by cutting time, reducing errors and lowering risk so you can focus on people and purpose.



The readiness gap

Perhaps you feel like your nonprofit is behind on AI. This is a common thought. Nearly half of HR leaders feel they are not ready, and for nonprofit teams that gap often feels even wider. Small budgets, lean teams and limited tech support make it harder to keep pace with larger organizations.

Across industries, HR leaders see themselves at different stages:

- 6% admit they are not ready
- 41% say they are somewhat ready
- 52% feel fully prepared to embrace AI

These numbers can hit even harder for lean HR teams at nonprofit organizations. Even when leadership sees the potential, it can be tough to know where to start, what to prioritize and how to prove value quickly enough to justify the investment.

Almost half of HR teams aren't ready for AI adoption —nonprofits feel this gap even more acutely

Not ready for AI

6%

Somewhat ready for AI

41%

Fully prepared for AI

52%

AI support

Most organizations are working with limited AI support



Where AI for HR stands today

If you've ever felt like your HR system automation isn't giving you much real help, you are in good company. Most organizations are still working with legacy systems and limited automation or AI support:

- 15% have minimal or no AI tools at all
- 39% rely only on moderate automation
- Just 46% report having extensive AI features

And even where AI is in place, it's usually focused on the basics:

- 31% use it to automate payroll and improve accuracy
- 22% for financial forecasting and budget optimization
- 15% for proactive compliance management
- 23% for workforce planning and talent management
- 25% for recruitment and candidate screenings

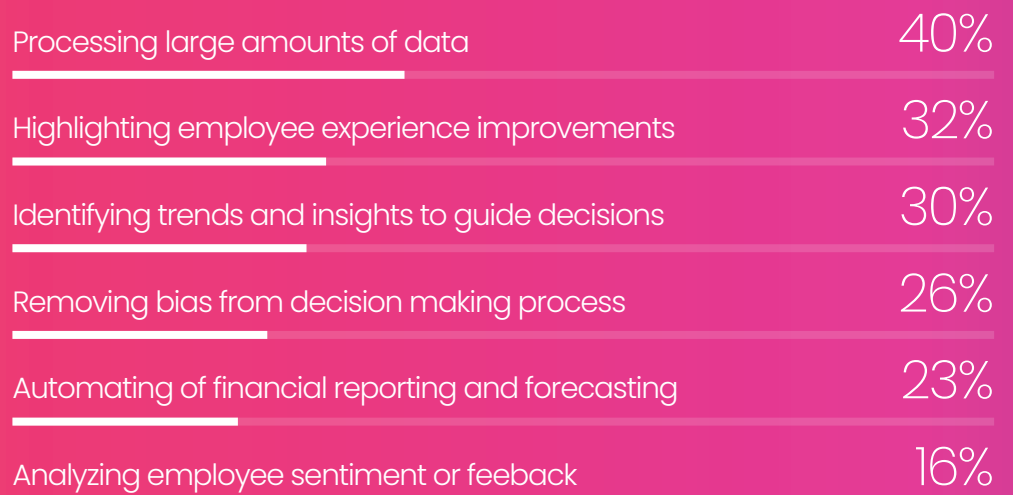
In the nonprofit space, these aren't abstract numbers. They map directly to the challenges you face every day:

- Budget optimization and payroll accuracy means keeping up with grant restrictions and multi-state wage rules
- Regulatory and compliance obligations carry high audit risk when staff capacity is already limited
- Workforce planning and hiring support is essential with seasonal recruitment and constant turnover

But fortunately, even small steps toward automation in these areas can take real weight off your shoulders and give your team back time for mission-driven work.

Top six expectations for AI

AI tools for HR



What HR leaders want next

Have you ever wished your HR tools did more of the heavy lifting? So have a lot of others. Across industries, leaders are asking for AI that tackles the biggest pressure points:

- 40% said processing large amounts of data faster provided great value
- 32% cited highlighting employee experience improvements
- 30% noted identifying trends and insights to guide decisions
- 26% mentioned removing bias from decision making process
- 23% reported automating of financial reporting and forecasting
- 16% responded analyzing employee sentiment or feedback

These priorities hit close to home for nonprofit teams:

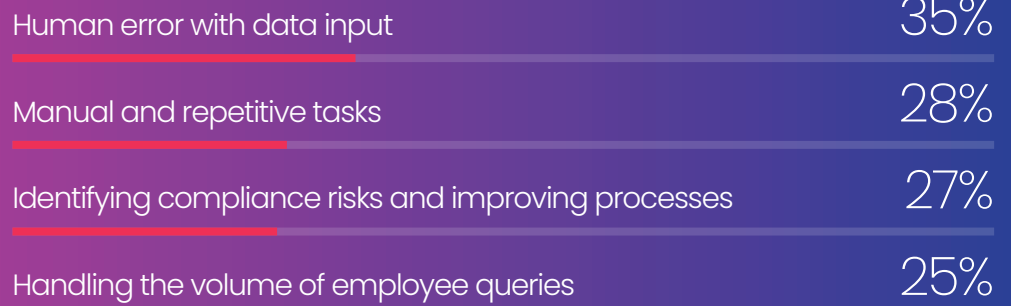
- Stronger governance, insight and reporting help safeguard funding by reducing the risks, errors and penalties that put grants at risk
- Recruitment efficiency makes seasonal and volunteer hiring less of a scramble
- Employee engagement supports retention for staff who are already delivering on the mission and difficult to replace

Nonprofit HR doesn't need a full reset. What's needed are tools that lift the weight from the toughest tasks so your team can give more energy to the people and the cause you serve.



What's holding HR teams back?

Manual work costs more than time



Barriers to implementation:

39% Ethical concerns

35% Data security concerns

34% Lack of internal skills

29% Resistance to change

25% Budget constraints

What's standing in the way

Even with interest in AI growing, many HR teams are still stuck with obstacles that feel all too familiar:

- 35% cite human error with data input as a daily hurdle
- 28% mention manual and repetitive tasks
- 27% point to identifying compliance risks and improving processes that slow them down
- 25% struggle with handling the volume of employee queries

These are the kinds of tasks AI could reduce, yet they linger because the tools in place are either limited, misunderstood or underused.

On top of that, adoption roadblocks make progress harder:

- 39% have ethical concerns about AI's role in decision-making
- 35% say data security concerns
- 34% lack of internal skills, knowledge or expertise
- 29% mention resistance to change across the team
- 25% cite budget constraints

And many leaders are not fully certain about the benefits:

- 11% say their organization's understanding of AI isn't clear
- 55% call it only somewhat clear
- 56% say it is very clear

For nonprofits, these barriers show up differently. Ethical and security concerns are higher. Budgets are tighter. Training support is harder to secure. And proving ROI often means showing how every dollar connects directly to mission progress. Without clarity and guidance, even promising technology can feel like a gamble.

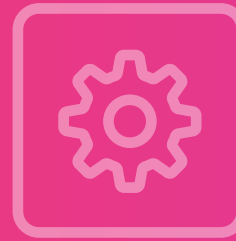
Quick wins

Proof it works —
AI delivers
measurable
gains early



Efficiency

Gives back
precious hours
to use for
critical work



Error reduction

Lowers policy
risks that
threaten
funding



Improved morale

Keep key
people engaged
and serving the
mission



What early adopters are seeing

For the HR teams already experimenting with AI, the payoff is showing up quickly:

- 65% report efficiency gains
- 54% report fewer errors
- 56% report improved access to data insights
- 55% report improved resource management
- 41% report increased employee morale

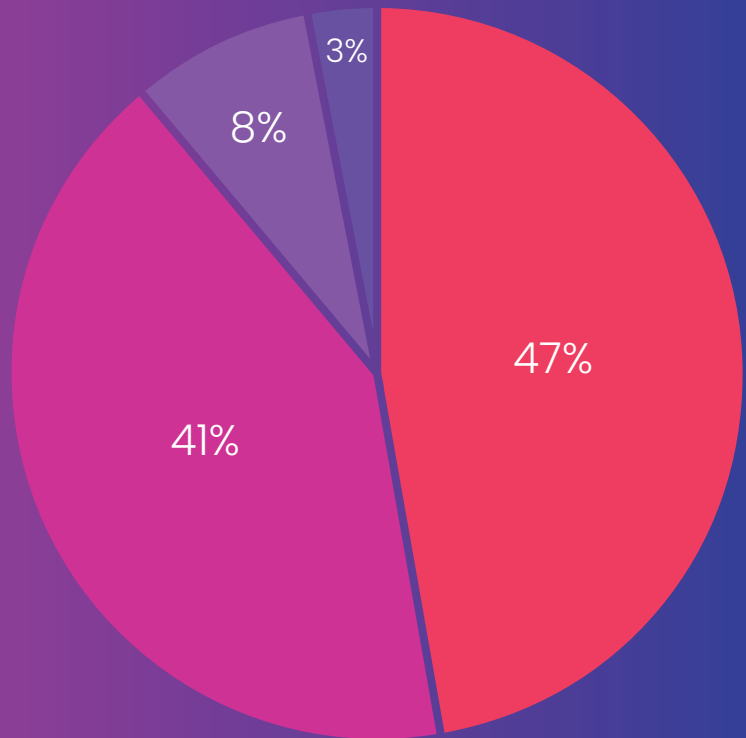
And those wins connect directly to the challenges you face every day:

- Efficiency gives staff back precious hours they can use for mission-critical work
- Error reduction lowers policy risks that threaten funding in grant-heavy environments
- Improved employee morale and resource management keep key people engaged and serving the mission while reducing disruption for managers, teams and the community

AI benefits aren't just hype or far-off promises. They're already helping HR teams spend less time on admin and more time supporting employees.

HR leaders AI adoption stages

- Actively using
- Partially in progress
- Still planning
- No plans yet



The roadmap to adoption

But not every team is moving at the same pace with AI. Here's where HR leaders across industries say they stand:

- 47% are already actively using and implementing AI
- 41% are partially in progress and piloting solutions
- Only 8% are still planning
- Just 3% have no plans yet

This mix shows why solutions need to meet you where you are, whether that's learning the basics or scaling systems you already have in place.

When asked what would help most, HR leaders point to:

- 65% want technical expertise for smooth integration
- 64% want strategic guidance to maximize potential
- 45% want vendor recommendations for trusted solutions

It's not just about the software. What makes adoption work is having expertise and guidance you can trust paired with examples that show how it actually helps take pressure off your team.



Turning AI into everyday wins with People First

Translating these insights into action means having tools built for your reality. But you don't need another system that makes your job harder. You need tools that lift weight off your shoulders right away. Tools that are simple, quick to get started with and designed for lean teams like yours. That's exactly what People First powered by MHR delivers. It applies AI to the very pain points you face every day, helping you spend less time buried in admin and more time supporting your people and advancing your mission.

Here's how it helps:

When you're hiring on a deadline

AI writes job descriptions, scans resumes and matches candidates so you can fill roles faster without losing quality.

When you're worried about engagement

AI surfaces early signs of burnout or disengagement, prompting timely check-ins before small issues turn into turnover.

When you don't have weeks to configure a system

Onboarding, performance reviews and benefits workflows are ready to go from day one so you can start saving time immediately.

The win isn't just getting paperwork done faster. It's having more time for your people, more space to think ahead and more energy to keep the mission moving.



“As we navigate change, HR leaders have the opportunity — and the responsibility — to lead their organizations with vision and purpose.”

Anton Roe,
CEO, MHR

Empowering HR to strengthen people and communities

Nonprofit HR leaders are ready to harness AI, but barriers like time, budget and training often stand in the way. The key is tackling the daily pain points that slow you down and pull focus from your mission.

With the right support, AI can help you shift from putting out fires to building stronger HR systems that protect your people and keep your programs moving forward

That's exactly what People First is designed to do — helping you reduce admin strain, stay compliant and free up time for the work that matters most. Because when your HR team thrives, your people and your mission thrive too.

Ready to see how AI can ease the workload for your team? Book a demo to explore People First in action.

BOOK A DEMO



About MHR

MHR has been driving innovation across the HRIS space for over 40 years. We don't just meet the industry standard, we exceed it. Engineered by the latest SaaS technology, our product, People First enables increased employee productivity and organizational growth with a demonstrable return on investment.

People First is guided by what our customers and the market demand in a rapidly changing world.

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