



Suppliers looking to technology to solve talent issues

Deloitte Commentary: Q3 2025 MEMA OE Automotive Supplier Barometer

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Automotive suppliers find themselves at a crossroads where disruptive technologies are shaping workforce realities against the backdrop of shifting environmental policies and an uncertain global trade environment.

The timeline for battery electric vehicles (BEVs) is getting pushed out as the pendulum swings toward hybrid powertrains.¹ Software-defined vehicles are reimagining how cars are designed, made, sold, utilized, and serviced.² At the same time, artificial intelligence (AI) is being applied to manufacturing systems to increase both quality and productivity while reducing cost.³

Results from the 2025 Q3 [MEMA OE Supplier Barometer](#) suggest supplier sentiment regarding the business outlook over the next 12 months remains firmly in negative territory. This underscores how important talent and human resource considerations are given the amount of

technological change occurring and the uncertainty of current market conditions.

According to the MEMA survey results, changes in government trade policy remains at the top of the list when it comes to forward-looking challenges. However, concerns have eased slightly compared with the prior quarter as trade uncertainty has moderated to some extent.

Still, suppliers are navigating a relatively soft production environment as North American vehicle assembly output is forecast to remain subdued at 15.1 million units in 2025,⁴ reflecting consumer affordability pressures in the face of higher pass-through costs. Although original equipment manufacturers (OEMs) have largely elected to absorb tariff-related costs to date,⁵ it may prove unsustainable leading to significant vehicle price increases.⁶ As a result, auto companies may elect to reduce vehicle

production in an effort to manage supply.⁷ Forecast modeling by GlobalData suggests persistent trade measures could drive a 13.5% decline in U.S. auto sales in Q4.⁸

The Barometer results also suggest more progress is needed in talent-related areas as a lack of qualified candidates remains the top hiring constraint. Skill gaps remain largely unchanged on a YoY basis with 38% of survey respondents reporting moderate to wide gaps compared with 40% last year. Having said that, 43% of survey respondents see this gap narrowing over the next three years compared to just over a third of respondents who said the same last year. Gaps in programs to attract and reward talent also appear to be closing, with 28% of suppliers indicating a moderate to wide gap, down from 36% in 2024. Respondents pointed to initiatives such as robust internship programs, leveraging employee networks, and adjusting to the expectations of next generation workers.

At the same time, employment levels in some jurisdictions are expected to come under pressure over the next five years. For example, 68% of survey respondents expect salaried employment in Canada to grow slower than the regional share of corporate sales. In fact, very few suppliers expect any growth in either salaried or hourly employment in Canada over the coming 12-month period. According to Barometer feedback, these changes may reflect potential consolidation and the need to align with profitability goals in a challenging trade environment.

Many suppliers continue to adapt their HR practices to support retention and succession planning. Career path initiatives center on training programs, individual development plans, and internal promotion opportunities. Remote work policies are evolving, as 38% of survey respondents expect employees to be in-office at least 4 days a week (up from 28% in 2024). This is expected to increase further to 51% next year. However, survey comments

reveal a significant tension resulting from this trend. Some suppliers note that stricter return-to-office mandates risk driving attrition, while others emphasize the benefits of collaboration and knowledge transfer from in-person interactions.

Suppliers are also turning to technology as a way to offset workforce constraints and improve efficiency. According to the Q3 Barometer, 71% of respondents operating in the light vehicle sector have at least moderately integrated automation into their North American operations over the past two years. Over the next two years, 85% of survey respondents said the same, suggesting an acceleration of this trend in the near term. Respondents highlighted success stories ranging from robotic weld cells and warehouse automation to the use of AI-enabled inspection systems that improve quality outcomes. More than half of suppliers also report using AI productivity tools for HR workflows, meeting notes, and quality analytics, while others are still in the early stages of exploration.

Alongside automation, efforts to advance employee belonging initiatives are becoming more embedded. Over half of suppliers report at least moderate integration of these programs into their talent strategies, a 16-point increase from last year. Survey comments highlighted actions such as broadening recruitment channels and improving workplace environments as key success drivers.

Looking ahead, survey results point to cautious progress when it comes to talent. Skills gaps are expected to narrow, turnover is easing, and suppliers are increasingly leveraging automation and AI to support operations. Yet the outlook remains pressured by cost inflation, global trade volatility, and uneven demand. Suppliers that balance cost management with investments in workforce capability and efficiency may be best positioned to navigate uncertainty and capture opportunities as industry conditions evolve.

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Endnotes

¹ S&P Global Mobility, [EV adoption rates: How the US and other markets compare in 2025](#), October 14, 2025.

² Dr. Elmar Pritsch, [Software-defined vehicle: Global manufacturer readiness study](#), October 24, 2024.

³ S&P Global Mobility, [AI in the automotive industry: Trends, benefits & use cases \(2025\)](#), July 25, 2025.

⁴ GlobalData North American Light Vehicle Production Forecast, September 2025.

⁵ Stephen Wilmot, [Auto industry takes \\$12 billion hit from trade war](#), WSJ, August 7, 2025.

⁶ Lindsay VanHulle and John Irwin, Price hikes loom as tariffs erode profits, Automotive News, October 13, 2025.

⁷ GlobalData North American Light Vehicle Production Forecast – Monthly Commentary, September 30, 2025.

⁸ GlobalData U.S. Light Vehicle Sales Forecast, Q3 2025.

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