Small Towns, Global Talent: The Next Frontier of Workforce Strategy

How non-metro talent across the US, Europe, India, and China is reshaping workforce strategy

March 23, 2026 | Report

At a glance

The global talent advantage is shifting away from metros — and early movers will lock in structural cost and capability advantages for the next decade.

The geography of talent is being fundamentally redrawn. Across the world's four largest economic blocs—the United States, Europe, India, and China—small towns and non-metropolitan regions are emerging as critical nodes in the global talent supply chain. What was once considered peripheral is rapidly becoming central to how enterprises access, scale, and sustain talent.

This shift is being driven by a convergence of structural forces: the normalization of remote work, large-scale manufacturing reshoring, government-led incentives, rising cost pressures in major cities, and the expansion of digital infrastructure into previously underserved regions.

A parallel shift is underway in software, AI, and data talent. While still anchored in Tier-1 metros, the global standardization of engineering workflows has enabled enterprises to access high-quality talent beyond traditional hubs — often at 25%-50% lower cost with comparable productivity.

Yet this opportunity remains significantly underleveraged. Most organizations continue to anchor talent strategies in a narrow set of Tier-1 metropolitan hubs —overlooking vast pools of skilled, cost-effective, and increasingly digitally connected workers in smaller cities and rural communities.

For enterprise leaders, the implications are immediate:
- Act early to establish distributed hubs before talent markets become competitive
- Shift from metro-centric hiring to talent-first models anchored in skills, not location
- Invest in ecosystem partnerships to build durable, localized talent advantages

This report delivers data-driven analysis of emerging-town talent using Draup's intelligence and global data. It provides insights and frameworks to help enterprises rethink workforce strategy.

Key finding: Across all four geographies, small-town and Tier-2/3 talent pools offer 15–35% cost advantages over metropolitan equivalents—and up to 55–60% in Eastern Europe's East-West corridor—with comparable or improving skill quality, and significantly lower attrition rates.

Exhibit 1:

Non-Metropolitan Workforce as Share of Working-Age Population
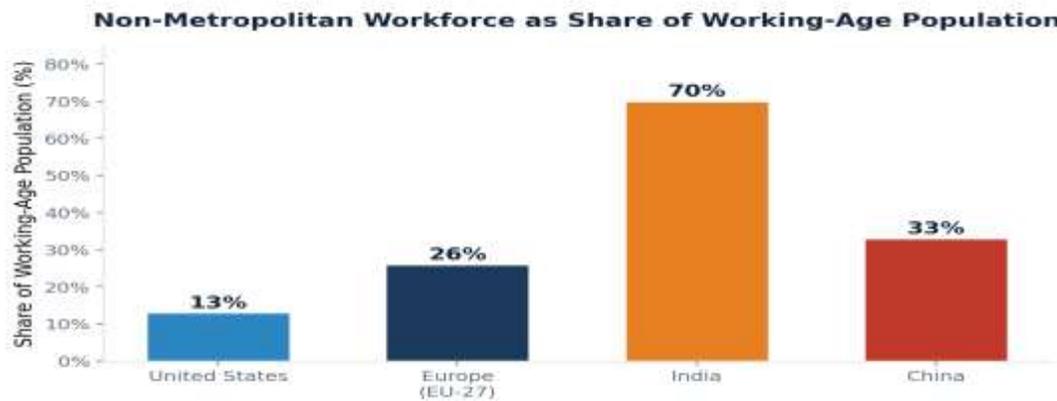
Source: US Census Bureau; Eurostat; India Census and NSSO; China National Bureau of Statistics. Draup analysis, 2026.

The Global Landscape: Small-Town Talent at a Crossroads

Across the four geographies examined, more than 1.5 billion working-age adults reside outside traditional Tier-1 metropolitan centers. The scale of this opportunity is often invisible to enterprise workforce planners who rely on metro-centric talent maps.
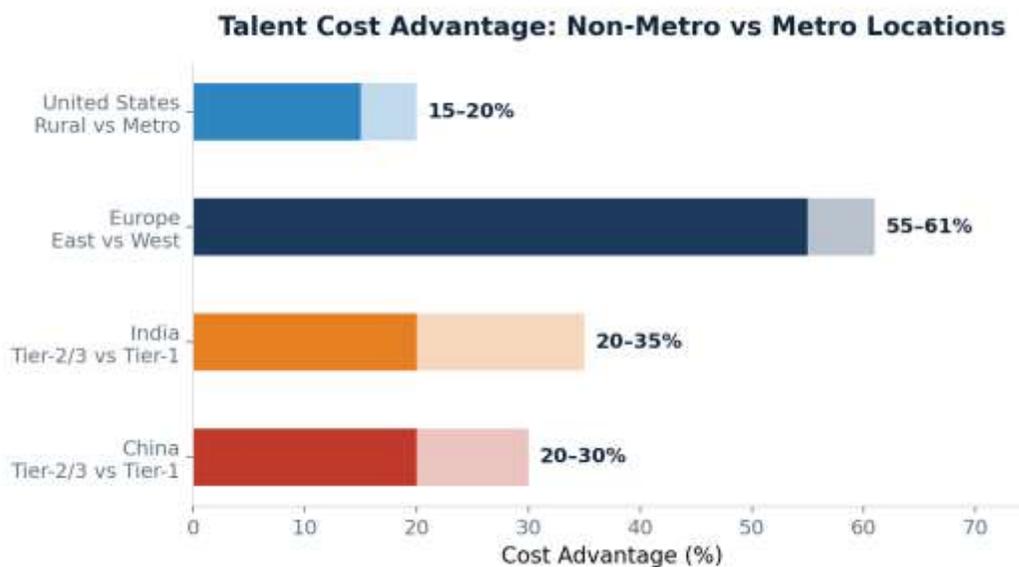
Exhibit 2:

Geography	Non-Metro Population	Share of Working-Age	Key Talent Characteristic
United States	~46 million (rural)	13% of 25-64 workforce	Manufacturing, agriculture, remote-capable
Europe (EU-27)	~90 million	21-31% by region	Vocational, manufacturing, emerging IT
India	~950 million	~70% of total population	IT/ITES, GCC-ready, cost-advantaged
China	~490 million	~33% of total population	Manufacturing clusters, vocational

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Converging Forces Reshaping Small-Town Talent

- **Remote work normalization:** 12% of US jobs fully remote, 24% hybrid. Nordic countries lead in EU adoption.

- **Manufacturing reshoring:** EV battery manufacturing attracted $102.6B in US investment in 2024. China's county-level zones expanding.

- **Digital infrastructure expansion:** India's UPI/Aadhaar enabling Tier-2/3 participation. EU broadband funding targeting rural areas.

- **Cost pressure on metros:** Tier-2/3 India operations offer 20-35% lower talent costs with 10-12% lower attrition.

- **Government policy alignment:** China's Rural Revitalization Plan, India's GCC National Framework, EU Cohesion Policy.

- **Software and AI talent** is decentralizing alongside broader workforce shifts — driven by remote-first delivery models, standardized development environments, and expanded STEM education beyond metros.
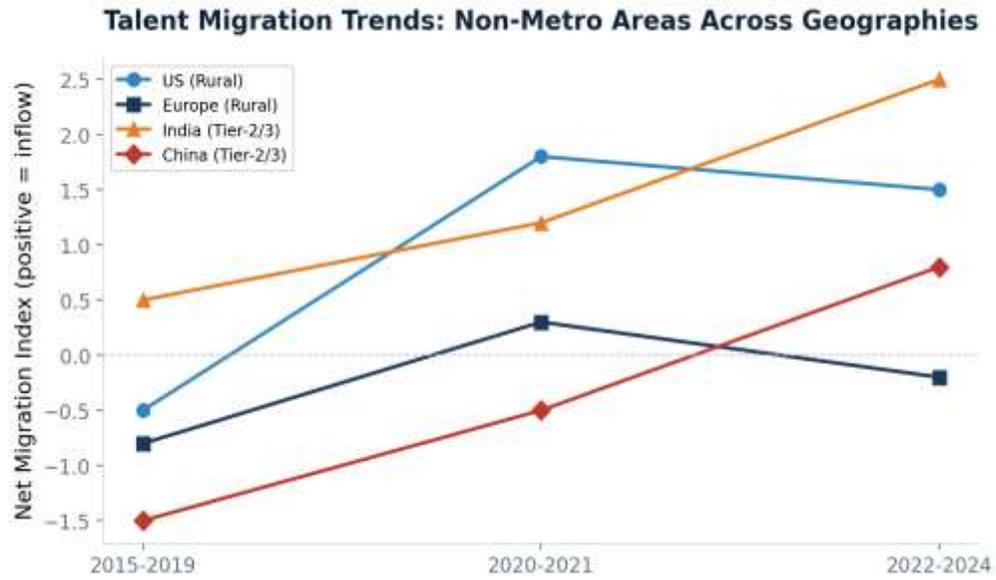
Together, these forces are decentralizing talent faster than the enterprises workforce models are adapting — creating a widening strategic gap.

Exhibit 3:

Talent Cost Advantage: Non-Metro vs Metro Locations

- United States Rural vs Metro: 15-20%
- Europe East vs West: 55-61%
- India Tier-2/3 vs Tier-1: 20-35%
- China Tier-2/3 vs Tier-1: 20-30%

Cost Advantage (%)

Source: Draup platform analysis; Index.dev; USDA ERS; multiple sources. March 2026.

Exhibit 4:

Talent Migration Trends: Non-Metro Areas Across Geographies

Source: Cooper Center (UVA); Eurostat; India Census; China NBS. Draup analysis.

Exhibit 5:

Share of total job postings, metro vs non-metro, 2025

Job postings in small-town and Tier-2/3 locations have grown globally over the last decade. India leads this trend, rising 16 points since 2015 due to GCC decentralization, infrastructure improvement, and digitization. China's broader non-Tier-1 base reflects its structurally distributed manufacturing economy. Remote work drives this shift in U.S. and Europe, though white-collar hiring remains concentrated in major metros.

United States	Europe (EU)	India	China
22%	**25%**	**28%**	**45%**
current share	current share	current share	current share
+7pp since 2015	+8pp since 2015	+16pp since 2015	+13pp since 2015

Source: Draup Talent Intelligence Platform; Liepin platform data; NASSCOM/Zinnov, Eurostat regional vacancy data.
All values reflect the share of digitally posted job openings

United States: Rural America's Talent Renaissance

Rural America is home to approximately 46 million people across more than 1,960 counties, accounting for 71% of the land mass and nearly 10% of GDP ($2.7 trillion). The talent profile varies enormously-from agricultural powerhouses in the Great Plains to the Southeast's emerging Battery Belt.

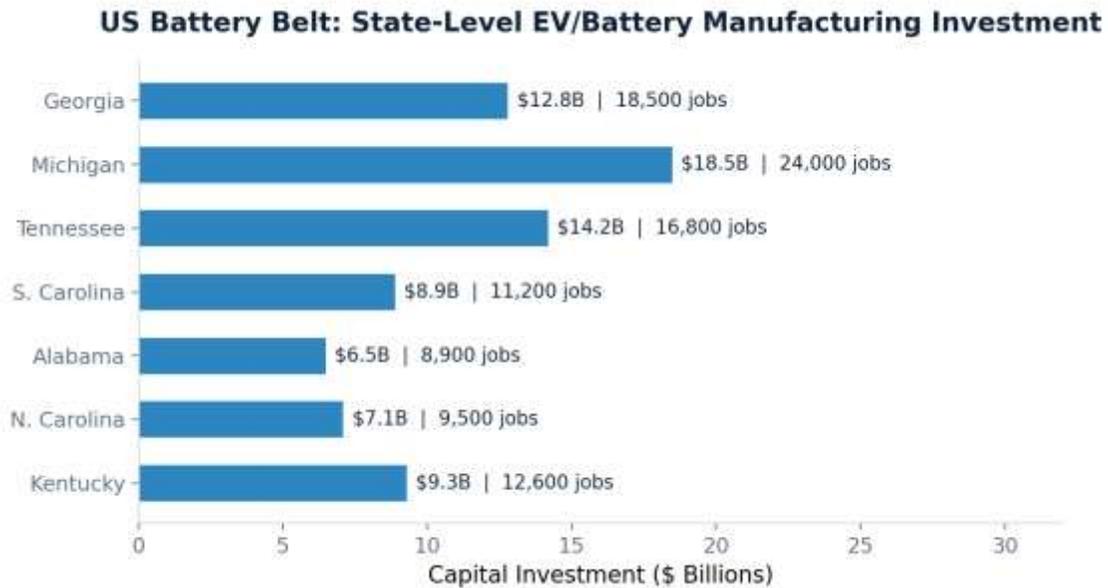A few key elements define the winning small-town talent hubs in the US:
- Industry clustering (EV, semiconductors)
- Public-private workforce programs
- Migration inflows
- Infrastructure proximity

The Battery Belt: City-Level Talent Profiles

The most dramatic small-town talent story in the US is the emergence of a manufacturing corridor stretching across the Southeast. EV battery and semiconductor manufacturing

generated 35% of all announced US manufacturing jobs in 2024, with $102.6 billion in capital investment flowing overwhelmingly to rural and small-town locations.

Exhibit 6:

US Battery Belt: State-Level EV/Battery Manufacturing Investment

State	Capital Investment	Jobs
Georgia	$12.8B	18,500 jobs
Michigan	$18.5B	24,000 jobs
Tennessee	$14.2B	16,800 jobs
S. Carolina	$8.9B	11,200 jobs
Alabama	$6.5B	8,900 jobs
N. Carolina	$7.1B	9,500 jobs
Kentucky	$9.3B	12,600 jobs

Capital Investment ($ Billions)

Source: ASSEMBLY Magazine; Reshoring Initiative; state economic development agencies. Draup analysis, 2026.

Jackson County, Georgia (Pop. ~94,000)

Population surged from 76,000 (2020) to 94,000 (2024), driven by SK Battery America's (SKBA) two manufacturing facilities representing $2.6 billion in investment. SKBA employs 2,600+ workers in lithium-ion battery manufacturing. The county also hosts millwork manufacturer Steves & Sons ($100M facility, 2022).

Key talent demand: Battery cell assembly technicians, quality engineers, electrochemistry specialists, logistics coordinators.

Troup County, Georgia (Pop. ~70,000)

A growing advanced automotive manufacturing hub. Kia's West Point facility began manufacturing the all-electric EV9 SUV in May 2024 following a $200M expansion investment. Multiple Hyundai Motor Group suppliers have co-located in the county.

Key talent demand: Automotive assembly operators, EV powertrain technicians, supply chain managers, industrial automation engineers.

Coffee County, Alabama (Pop. ~55,000)

Home to Hwaseung Automotive Alabama, a major supplier to Kia and other automakers. Part of an expanding Southern manufacturing corridor linking Georgia's auto plants with Alabama's supplier base.

Key talent demand: Precision machining operators, quality assurance technicians, injection molding specialists.

Randolph County, North Carolina (Pop. ~140,000)

Emerging as a training hub for the Battery Belt. Randolph Community College is developing a 22-acre satellite campus specifically designed to train workers for Toyota's nearby EV battery plant and other advanced manufacturers.

Key talent demand: Battery manufacturing technicians, industrial electricians, robotics maintenance, CNC machinists.

Putnam County, Tennessee (Pop. ~85,000)

A "migration magnet" located on I-40 between Knoxville and Nashville. Population grew from 79,000 (2018) to 85,000 (2024) with net-positive in-migration for 20 consecutive years. Building permit values grew 60%+ from 2020 to 2024, reaching $88.5M. Median household income rose from $44,500 to $54,100.

Key talent demand: Healthcare workers, construction trades, hospitality management, and remote-enabled knowledge workers.

Fresno County, California (Pop. ~1,010,000)

America's agricultural epicenter, producing more than 300 commercial-scale commodities. While Fresno's population places it in a different category than the smaller counties profiled above, its economic profile—agriculture-driven, outside the coastal tech corridor—makes it strategically relevant to the non-metro talent thesis. Fresno State University operates the Institute for Food and Agriculture, an independent innovation hub that has attracted $26.7M in USDA grants. The county is developing agtech capabilities at the intersection of agriculture and technology.
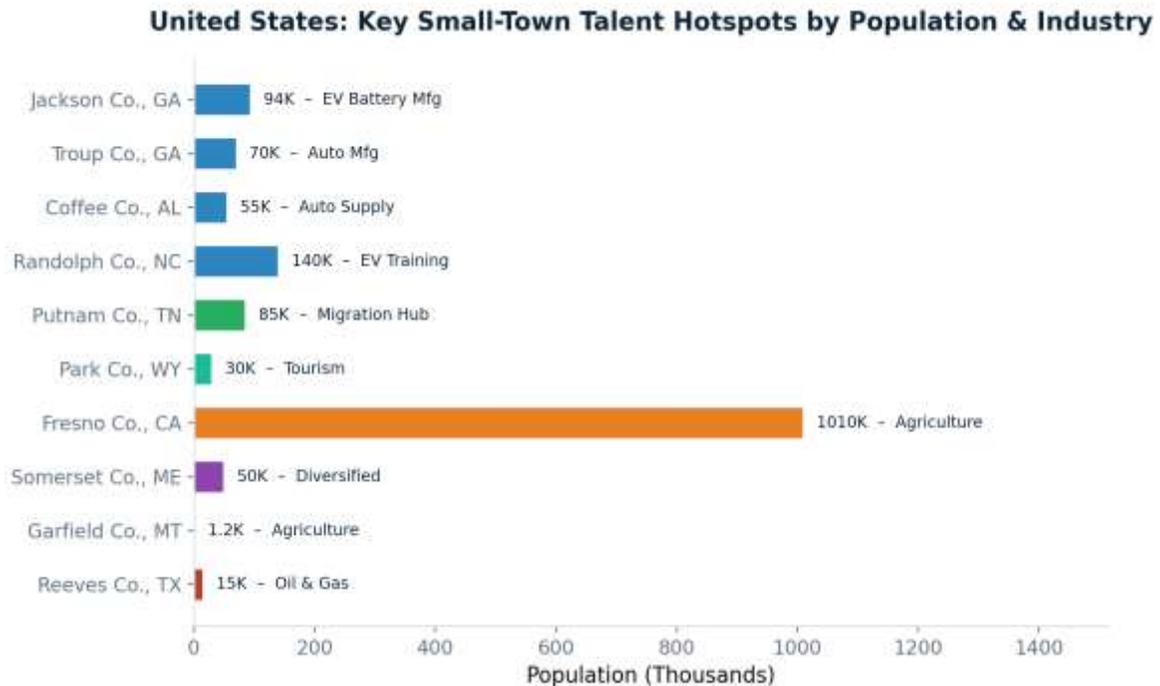
Key talent demand: Precision agriculture technicians, agtech software developers, food scientists, irrigation engineers, and agricultural data analysts.

Park County, Wyoming (Pop. ~30,000)

A tourism-driven economy anchored by Yellowstone National Park. Median household income of $70,500 with 95%+ educational attainment (high school or above). The county's talent challenge is seasonal workforce volatility and housing constraints.

Key talent demand: Hospitality managers, conservation specialists, seasonal workforce coordinators, adventure tourism guides.

Exhibit 7:

United States: Key Small-Town Talent Hotspots by Population & Industry

Jackson Co., GA	94K – EV Battery Mfg
Troup Co., GA	70K – Auto Mfg
Coffee Co., AL	55K – Auto Supply
Randolph Co., NC	140K – EV Training
Putnam Co., TN	85K – Migration Hub
Park Co., WY	30K – Tourism
Fresno Co., CA	1010K – Agriculture
Somerset Co., ME	50K – Diversified
Garfield Co., MT	1.2K – Agriculture
Reeves Co., TX	15K – Oil & Gas

Source: US Census Bureau; state economic development agencies; McKinsey IEM. Draup analysis, 2026.

Expanding the Map: Key Small-Town Talent Hotspots Beyond the Battery Belt

Maury County, Tennessee (Pop. ~113,000)

Tennessee's fastest-growing county at 2.4-2.8% annually, anchored by one of the most vertically integrated EV ecosystems in the US. General Motors' Spring Hill Manufacturing facility which employs ~5,700 workers following a $2B+ investment since 2020 and generates $2.1 billion in annual economic impact for Middle Tennessee. Adjacent to it, the Ultium Cells joint venture (GM and LG Energy Solution) invested $2.58 billion in a 2.8-million-square-foot battery cell gigafactory, operational since March 2024 and targeting 1,700 employees at full capacity.

Key talent demand: Battery cell manufacturing technicians, EV assembly operators, robotics and mechatronics engineers, supply chain managers.

Catawba County, North Carolina (Pop. ~162,000)

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Home to one of America's most concentrated fiber-optic manufacturing ecosystems, Catawba County is where the physical infrastructure of the AI economy is built. Corning Incorporated has invested over $500 million across multiple expansions since 2020, accelerated by a $6 billion supply agreement with Meta signed in late 2024 that prompted further hiring toward a projected 6,000 North Carolina employees.

Key talent demand: Fiber optic manufacturing technicians, data center infrastructure engineers, optical cable specialists, and production operators.

Remote Work and Reverse Migration

Small metro areas with fewer than 250,000 residents gained 100,000+ net new residents aged 25-49 in each year from 2022 to 2024. Research from the University of Virginia found that 59% of rural areas experiencing population decline (2010-2019) subsequently saw population growth (2019-2021), correlated with remote work adoption. Each new remote worker per 1,000 residents was associated with 0.09 percentage points higher local population growth.

> *Nearly 500,000 manufacturing positions remain unfilled across the US, with the most acute shortages in digital skills, robotics, and AI competencies for advanced manufacturing.*

Software & AI Talent in Rural and Small-Town America

Software and AI talent in the US is becoming increasingly distributed beyond traditional hubs. Remote-first engineering roles, cost arbitrage, expanded university-driven talent ecosystems, and growing demand for AI in manufacturing and automation are enabling this shift.

Talent in these regions offers **20–40% lower cost and higher retention**, particularly for applied engineering roles. The **US distributed AI talent network** combines metro innovation with decentralized execution.

Workforce Development Programs: City-Level Success Stories

Georgia Quick Start (Statewide)

The oldest customized workforce training program in the US. Ranked #1 in Area Development's 2024 survey. Has upskilled 1+ million employees across 6,500 projects. Provided customized training for SKBA's Jackson County battery plant, partnering through the Technical College System of Georgia to train thousands in lithium-ion battery manufacturing at no cost to the company.

Alabama Industrial Development Training / AIDT (Statewide)

Has trained approximately one million Alabamians. Average post-training salary: $78,800. Generated $9.8 billion in economic impact (2023-2024). Operates a dedicated facility in Lincoln, Talladega County, co-located with Honda's Alabama manufacturing plant which employs 4,500+ workers and represents $2B+ in capital investment.

Collegiate Edu-Nation / CEN (Roscoe, Nolan County, Texas)

Served 21,500+ Texas students across 28 P-20 districts in 2024. 51% of the class of 2024 progressed to years 13-14 to complete college degrees. 44% obtained high-wage, high-demand industry certifications before high school graduation.

What this means for CHROs in the US:
- Align workforce strategy with emerging industry clusters (e.g., EV, semiconductors, advanced manufacturing)
- Leverage public workforce programs to accelerate hiring, reduce training costs, and improve retention

Europe: From Talent Traps to Talent Corridors

Europe's small-town talent landscape features a striking duality: Western Europe possesses world-class vocational systems centered in manufacturing towns, while Eastern Europe has built globally competitive IT hubs in secondary cities. Yet 36 EU regions face a "talent development trap" threatening their economic viability.

Germany: From Manufacturing to Tech Talent

Germany's SME backbone employs approximately 33 million people, overwhelmingly in small towns and secondary cities. However, 40% of manufacturing firms report difficulty finding AI and robotics talent, with sustained shortages in electrical trades, welding, mechatronics, and industrial maintenance.

Bavaria

Employs 236,800 mechanical engineers (18% of state industrial workforce). Key small-town clusters include the automotive supply chain around Ingolstadt (Audi) and Regensburg (BMW), with dozens of Mittelstand suppliers in towns of 5,000-50,000 population.

Key talent demand: Mechatronics engineers, AI/ML specialists for Industry 4.0, electrical engineers, quality management professionals.

Baden-Württemberg

348,000+ mechanical engineers generating €85.4B annual turnover. The Stuttgart-Karlsruhe corridor is anchored by major OEMs but sustained by hundreds of precision engineering firms in smaller cities like Tuttlingen (world capital of surgical instruments), Pforzheim (jewelry/precision tech), and Esslingen.

Key talent demand: Precision manufacturing engineers, CNC programmers, automation specialists, R&D engineers.

Kaiserslautern, Germany (Pop. ~100,000)

A small city punching well above its weight in software and AI research. The German Research Center for Artificial Intelligence (DFKI), Europe's largest AI research institute is headquartered here alongside Technische Universität Kaiserslautern-Landau. The city hosts a dense cluster of software firms including Inovex and Zeal One. Cost of living and talent costs are 35-40% below Munich, making it attractive for R&D satellite operations.

Key talent demand: AI/ML researchers, software engineers, computer vision specialists, applied mathematics graduates, embedded systems developers.

Jena, Germany (Pop. ~115,000)

Thuringia's innovation capital and home to one of Germany's most concentrated optics and photonics ecosystems. Zeiss, Jenoptik, and Schott Glass anchor the city's industrial base. Friedrich Schiller University Jena and Ernst Abbe University of Applied Sciences produce 2,500+ STEM graduates annually. The city is a Fraunhofer Institute hub with strengths in applied photonics and precision measurement. Talent costs run 30-35% below Frankfurt.

Key roles in demand: Photonics engineers, optical systems designers, precision instrumentation technicians, materials scientists, R&D software developers.

Aachen, Germany

Home to RWTH Aachen University , Germany's largest technical university by enrollment and a thriving deep-tech ecosystem. The RWTH Aachen Campus technology park houses 500+ companies across 18 clusters including automotive, energy, and medtech. Ford's European R&D center and numerous Tier-1 automotive suppliers operate here. The city's tri-border location (Germany, Belgium, Netherlands) enables cross-border talent flows. Over 46,000 students provide a continuous pipeline of engineering and technology talent.

Key roles in demand: Automotive R&D engineers, mechanical engineers, electrical engineers, medtech specialists, deep-tech startup talent.

France: Provincial Tech and Industrial Talent Hubs

France's talent landscape outside Paris is strategically significant. The country's grandes écoles network disperses elite engineering education across provincial cities, while industrial heritage towns are building digital competency on manufacturing foundations. Talent costs in provincial France run 20-30% below Paris with substantially lower attrition.

Grenoble, France (IT/Eng Talent: ~45,000)

France's foremost deep-tech city outside Paris. STMicroelectronics, Soitec, and Schneider Electric's global R&D headquarters are based here. The city hosts one of Europe's highest concentrations of research scientists per capita, anchored by CEA-Grenoble (the French atomic energy commission's technology division), CNRS, and Université Grenoble Alpes. Semiconductor and microelectronics expertise is unmatched outside the Paris region. Average engineer cost: ~€38/hr.

Key roles in demand: Semiconductor process engineers, microelectronics researchers, power electronics specialists, energy systems engineers, quantum computing researchers.

Toulouse, France (IT/Eng Talent: ~40,000)

Europe's aerospace capital and France's second-largest tech hub. Airbus' global headquarters and main engineering campus employ 20,000+ in the city alone, supported by 700+ aerospace suppliers and subcontractors in the surrounding Occitanie region. Thales, ATR, and the European Space Agency's CNES are all headquartered or significantly present here.

Key roles in demand: Aerospace systems engineers, avionics software developers, structural engineers, satellite communications specialists, data scientists for aerospace applications.

**Rennes, France (IT Talent: ~28,000)**

Brittany's capital has established itself as France's leading cybersecurity and telecoms city. Orange's cybersecurity research center and Nokia's Bell Labs France are based here. The city hosts the Pôle d'Excellence Cyber, a national cybersecurity cluster backed by the French Ministry of Defence. INRIA Rennes (France's national computer science research institute) drives deep-tech output. CentraleSupélec and ENSAI provide elite engineering graduates. Average developer cost: ~€34/hr.

Key roles in demand: Cybersecurity engineers, telecoms software developers, network architects, cryptography researchers, defence-grade software specialists.

Eastern Europe's IT Talent Corridors: City-Level Analysis

The regional IT recruitment market grew from $9.93B (2020) to $14.39B (2024), projected at $23.69B by 2028. The talent is increasingly concentrated in secondary cities, not just capitals.

Exhibit 8:

Eastern Europe: IT Talent Pool Size & Average Hourly Rate
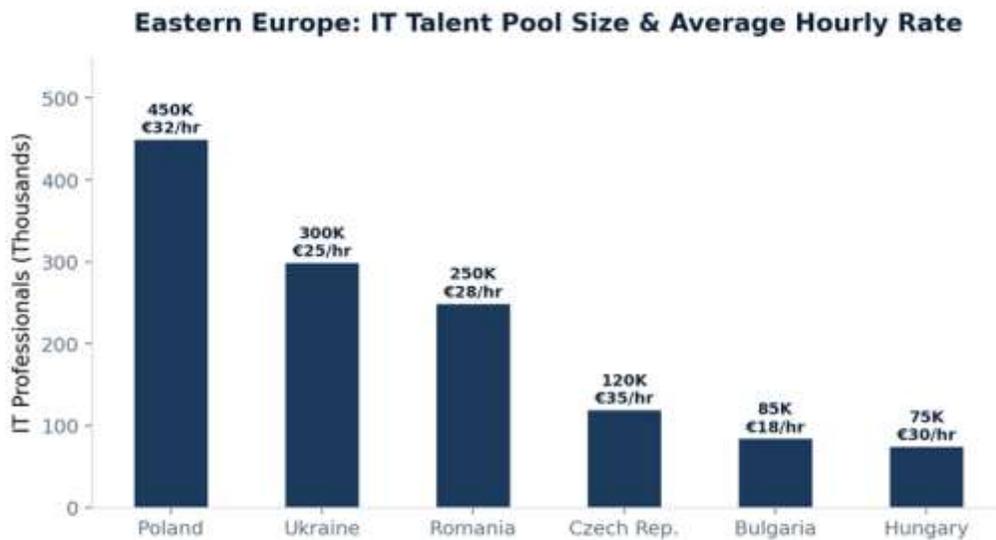
Source: Index.dev; Alcor BPO; Eurostat. Draup compilation, 2026.

Exhibit 9:

Europe: Secondary City IT Talent Hubs – Size & Cost

Kraków, Poland (IT Talent: ~85,000)

Poland's second city has become a global IT services hub with 250+ outsourcing and shared services centers. Home to offices of Google, IBM, ABB, Motorola, and Capgemini. The Jagiellonian University and AGH University of Science and Technology produce 8,000+ STEM graduates annually. Average developer cost: ~€35/hr. The city's tech ecosystem extends into surrounding smaller cities including Katowice and Rzeszów.

Key talent: Full-stack developers, cloud architects, data engineers, cybersecurity specialists.

Cluj-Napoca, Romania (IT Talent: ~40,000)

Romania's "Silicon Valley" with the highest density of IT professionals per capita in the country. Bosch, NTT Data, and Endava have major operations. Average developer cost: ~€28/hr. Strong university pipeline (Babeș-Bolyai University, Technical University). The city has spawned a secondary hub in nearby Oradea.

Key talent: Java/Python developers, embedded systems engineers, UX/UI designers.

Lviv, Ukraine (IT Talent: ~65,000)

Despite conflict, Lviv's IT sector has shown resilience and growth. The city hosts 500+ tech companies including SoftServe (founded locally, now 14,000+ employees globally), Eleks, and N-iX. Average developer cost: ~€22/hr—the most cost-effective in the region. Lviv Polytechnic National University produces 3,000+ tech graduates annually. However, enterprises must factor in meaningful operational risks: business continuity exposure from the ongoing conflict, periodic infrastructure disruption, elevated talent flight to neighboring Poland and the EU, and higher insurance and compliance costs. These risks do not eliminate Lviv's talent proposition but require robust contingency planning and distributed delivery models.

Key talent: Software engineers, QA automation, DevOps specialists, AI/ML engineers.

Plovdiv, Bulgaria (IT Talent: ~20,000)

Bulgaria's second city offers the lowest costs in the EU: average developer rate of ~€18/hr (61% below Germany, 55% below UK). Growing ecosystem of 200+ tech companies. Full EU membership and GDPR compliance. Plovdiv University and Technical University produce 1,500+ IT graduates annually.

Key talent: PHP/JavaScript developers, QA engineers, digital marketing analysts.

Tallinn & Tartu, Estonia (IT Talent: ~37,000 combined)

Estonia's digital-first governance model has created one of Europe's most tech-savvy small nations. Tartu (pop. 100,000) is home to the University of Tartu and serves as a deep-tech research hub. The e-Residency program attracts global digital entrepreneurs.

Key talent: Blockchain developers, government tech specialists, e-commerce engineers, AI researchers.

Wroclaw, Poland (IT Talent: ~55,000)

Poland's fourth-largest city and a rapidly emerging tech hub rivalling Kraków in scale. Wroclaw hosts major delivery centers for HSBC, UBS, Nokia, and Volvo IT. The city's Wroclaw University of Science and Technology produces 5,000+ STEM graduates annually, sustaining a strong mid-level developer pipeline. Average developer cost: ~€33/hr. The tech ecosystem spills into surrounding smaller towns including Jelenia Góra and Legnica, which are attracting nearshore satellite offices.

Key talent: Java and .NET developers, data engineers, SAP consultants, embedded systems specialists, financial technology engineers.

Iasi, Romania (IT Talent: ~18,000)

Romania's second-largest city by IT talent density after Cluj-Napoca, and significantly more cost-advantaged. Amazon, Capgemini, and Continental have established delivery centers here. Alexandru Ioan Cuza University and the Technical University of Iasi produce 3,500+ tech-related graduates annually. Average developer cost: ~€20/hr-among the lowest in the EU while retaining full GDPR and regulatory compliance. The city benefits from an active startup incubator ecosystem anchored by the Iasi Software Cluster association.

Key talent: Python and JavaScript developers, QA automation engineers, cloud infrastructure specialists, cybersecurity analysts, BPO/KPO professionals.

Brno, Czech Republic (IT Talent: ~25,000)

The Czech Republic's second city and its primary technology hub outside Prague. Brno is home to a dense cluster of multinational R&D centers including Red Hat (its largest global engineering office), IBM, and Honeywell. Masaryk University and Brno University of Technology jointly graduate 4,000+ STEM students per year. Average developer cost: ~€32/hr. The city's manufacturing heritage in machine tools and electronics has created strong cross-domain talent in industrial IoT and automation.

Key talent: Open-source software engineers, DevOps and SRE specialists, industrial IoT developers, embedded firmware engineers, R&D software architects.

Novi Sad, Serbia (IT Talent: ~14,000)

Serbia's second city has quietly become one of the Western Balkans' most attractive IT talent locations. NCR, Levi9, and a growing cluster of product companies and outsourcing firms have

established bases here. The University of Novi Sad's Faculty of Technical Sciences is one of the largest engineering schools in the region, producing 2,500+ graduates annually. Average developer cost: ~€25/hr. As a non-EU country, Serbia offers simplified onboarding for companies that already have Balkans operations, though cross-border hiring into EU entities requires standard work permit processes. The city's lower cost of living relative to Belgrade further improves talent retention.

Key talent: Full-stack web developers, mobile engineers (iOS/Android), game developers, data scientists, UX researchers.

Miskolc, Hungary (IT Talent: ~8,000)

An emerging talent destination in northeastern Hungary, historically known for steel and heavy industry but undergoing a significant workforce transition. BMW's new Debrecen plant (140km away) and accompanying supplier investments are creating spillover demand for manufacturing-adjacent IT roles across the region. The University of Miskolc has restructured programs around automation, mechatronics, and applied informatics. Average developer cost: ~€22/hr. EU structural funds are actively co-financing digital skills retraining programs.

Key talent: Industrial automation engineers, PLC/SCADA programmers, mechatronics specialists, manufacturing IT integrators, ERP implementation consultants.

Nordic Remote Work and Rural Revitalization

The Nordic countries offer a preview of how policy can reshape small-town talent dynamics. Finland has explicitly integrated remote work into rural depopulation strategies. Norway's "Statens Hus" pilot enables state employees to work from distributed rural locations, creating competence clusters outside Oslo. Sweden's broadband infrastructure investments have reached 98% of the population, enabling even the most rural municipalities to participate in the digital economy.

Software and AI Talent Across Europe's Secondary Cities

Europe's AI and software talent is inherently distributed across secondary cities.

Western Europe leads in deep-tech and applied AI (e.g., Kaiserslautern, Grenoble), while Eastern Europe provides scalable, cost-efficient engineering capacity (e.g., Kraków, Cluj).

Strong STEM pipelines and nearshore models are accelerating distributed engineering teams.

With **30–60% cost advantages**, Europe enables a **dual model: innovation + scale** for AI and software talent.

What this means for CHROs in Europe:
- Adopt a dual-location strategy—leveraging Western Europe for specialized talent and Eastern Europe for scalable IT capacity
- Incorporate remote-first models to access distributed talent across smaller cities and cross-border ecosystems

India: The Tier-2 and Tier-3 Talent Surge

India's small-town talent story is the most dynamic of any geography. With 70% of the population outside Tier-1 metros and 65% at working age, the demographic dividend is concentrated in Tier-2 and Tier-3 cities. What was once a frontier is rapidly becoming the center of gravity for enterprise workforce strategy.

The Global Capability Center (GCC) Decentralization Wave

GCC presence in Tier-2/3 cities grew from 5% (FY2019) to 7% (FY2024), with projections of 15-20% by 2027 and 25-30% in subsequent years. Approximately 110 new GCCs launched in 2024-2025, expected to approach ~2,500 GCCs by 2030. The Union Budget 2025-26 announced a National Framework for GCCs with MeitY building a Single Window Portal.

Exhibit 10:

India: GCC Workforce Decentralization Trajectory
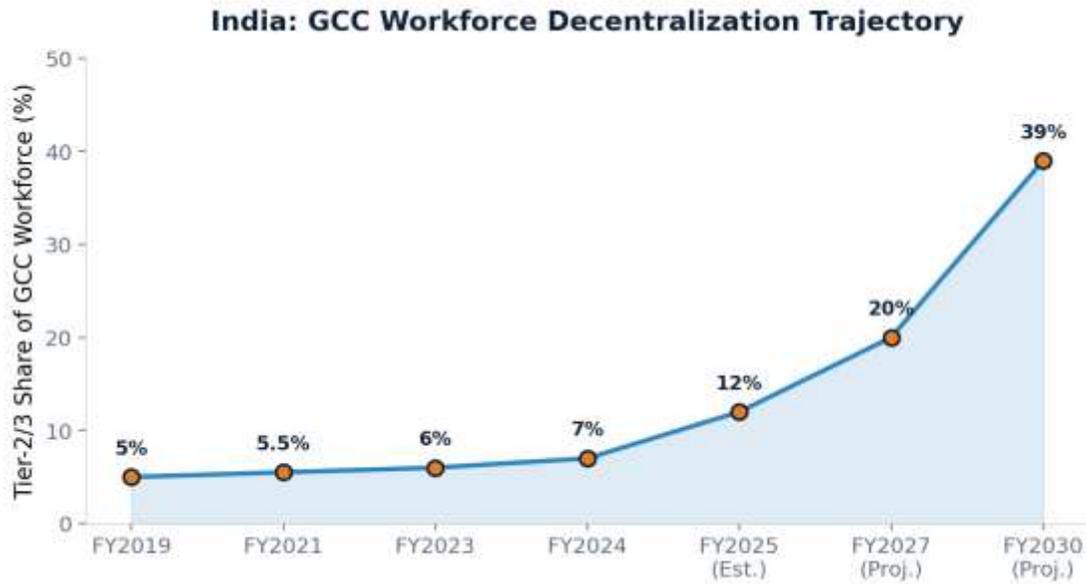
Source: NASSCOM; Zinnov; Ministry of Commerce & Industry. Draup analysis, 2026.

City-Level Talent Profiles

According to India's annual employability surveys (Wheebox/India Skills Report), Tier-2 cities show approximately 50% employability rates on standardized assessments versus 30% in Tier-1 metros—likely reflecting higher willingness to accept available roles and lower competition-driven attrition rather than an absolute skill advantage. Hiring surged 25-35% in 2023-2024 across multiple sectors, and 54% of employers now plan to hire from Tier-2/3 cities.

Exhibit 11:

India: Tier-2/3 City Talent Profiles - IT Talent & GCC Presence
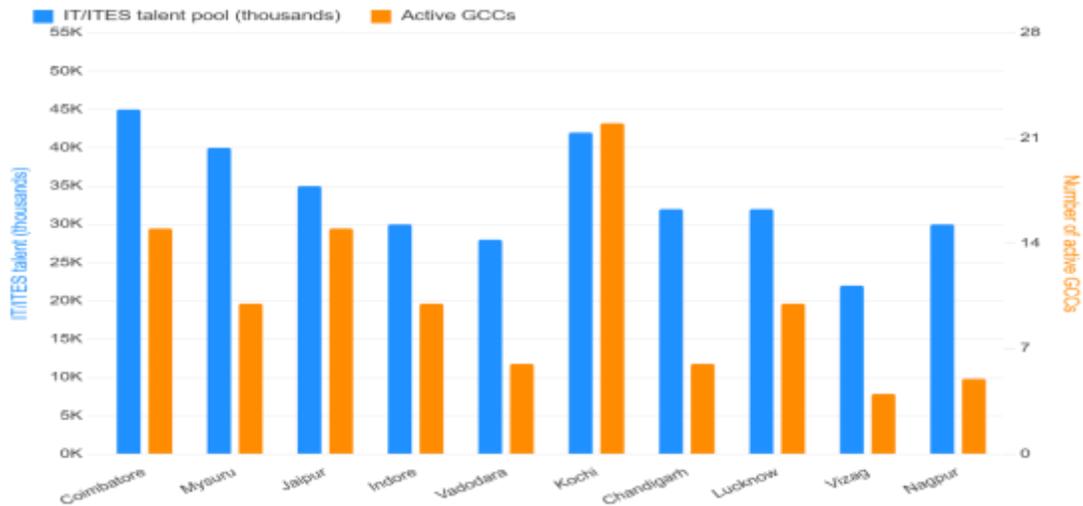
Source: NASSCOM; Zinnov; NLB Services; Randstad India. Draup platform analysis, 2026.

Coimbatore, Tamil Nadu (IT Talent: ~45,000; GCCs: ~15)

Tamil Nadu's second-largest city is emerging as a major IT/ITES and manufacturing hub. Infosys, Tech Mahindra, HDFC, and Cognizant have established or expanded operations. The city produces 25,000+ engineering graduates annually from 50+ institutions including PSG College of Technology and Amrita University. A strong manufacturing base (textiles, pumps, automotive components) provides cross-domain talent. Cost advantage: 25-30% below Chennai. Attrition: ~12% (vs 18-22% in Bengaluru).

Key talent: Full-stack developers, data analysts, manufacturing engineers, IoT specialists, SAP consultants.

Mysuru (Mysore), Karnataka (IT Talent: ~40,000; GCCs: ~10)

Infosys' global training center (the company's largest campus, training 15,000 employees at a time) has created a deep IT talent ecosystem. Wipro, L&T Technology Services, and several mid-tier IT firms have expanded here. The city's proximity to Bengaluru (140km) creates a natural overflow talent corridor. Cost advantage: 20-25% below Bengaluru. University of Mysore and JSS Science & Technology University produce 10,000+ graduates annually.

Key talent: Java/.NET developers, testing/QA professionals, business analysts, AI/ML trainees.

Jaipur, Rajasthan (IT Talent: ~35,000; GCCs: ~15)

Rajasthan's capital is the fastest-growing GCC destination in North India. The Mahindra World City SEZ and Sitapura IT Park host companies including Genpact, Mphasis, and WNS. Jaipur hosts 200+ IT companies. MNIT Jaipur and JECRC University produce 15,000+ engineering graduates annually.

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Key talent demand: BPO/KPO analysts, software developers, digital marketing specialists, accounts/finance professionals.

Indore, Madhya Pradesh (IT Talent: ~30,000; GCCs: ~10)

Central India's fastest-growing commercial hub. The Super Corridor development project has attracted TCS, Infosys, and multiple mid-size IT companies. IIT Indore and IIM Indore provide anchor institution pipeline. The city's commercial real estate costs are 40-50% below Pune.

Key talent demand: Software engineers, data scientists, supply chain analysts, ER&D engineers.

Vadodara (Baroda), Gujarat (IT Talent: ~28,000; GCCs: ~6)

Gujarat's industrial city is diversifying from chemicals/pharma manufacturing into IT services and GCC operations. MS University of Baroda produces strong engineering and management talent. Proximity to the Delhi-Mumbai Industrial Corridor (DMIC) is driving investment. L&T, Alstom, and ONGC have major facilities.

Key talent demand: Chemical engineers transitioning to data roles, ERP specialists, industrial automation engineers, and process analysts.

Kochi, Kerala (IT Talent: ~42,000; GCCs: ~22)

Kerala's commercial capital hosts InfoPark and SmartCity Kochi-two major tech parks housing 350+ companies, including TCS, UST Global, IBS Software, and Ernst & Young. The city benefits from Kerala's 96%+ literacy rate and strong English proficiency. Cochin University of Science and Technology and NIT Calicut (nearby) produce high-quality STEM graduates.

Key talent demand: Cloud computing engineers, healthcare IT specialists, fintech developers, marine/shipping technology experts.

Lucknow, Uttar Pradesh (IT Talent: ~32,000; GCCs: ~10)

Uttar Pradesh's capital is rapidly establishing itself as North India's most incentive-rich GCC destination, underpinned by the state's status as India's most populous and highest graduate-producing region. The UP GCC Policy 2024 offers one of the country's most generous frameworks, including 100% stamp duty exemption, 25% capital subsidy. IBM has established an AI Software Lab focused on generative and agentic AI; Deloitte is opening a new delivery centre expected to create 800-1,000 high-skill roles; and major IT firms including TCS, HCL Technologies, Infosys, Wipro, Cognizant, and Capgemini are already operational. A planned 40-acre AI City signals the state's ambition to anchor deep-tech development in the capital.

Key talent demand: Software Devs, Python/Java Developers, Network Engineers, Data Scientists

Visakhapatnam (Vizag), Andhra Pradesh (IT Talent: ~22,000; GCCs: ~4)

Andhra Pradesh's executive capital is developing a tech ecosystem anchored by the Millennium IT Tower SEZ. The Fintech Valley Vizag initiative aims to make the city a global fintech hub. GITAM University and Andhra University produce 12,000+ engineering graduates annually. The city's port and steel/petrochemical industries provide cross-domain talent.

Key talent demand: Fintech developers, blockchain engineers, ERP consultants, port logistics technologists.

Chandigarh & Mohali (IT Talent: ~32,000; GCCs: ~6)

The Chandigarh-Mohali-Panchkula tri-city region is North India's emerging tech corridor. IT Park Chandigarh and Quark City in Mohali house Infosys, DXC Technology, and 200+ startups. Punjab Engineering College and Chandigarh University produce 8,000+ tech graduates. Cost advantage: 30-35% below Delhi-NCR.

Key talent demand: Mobile app developers, UI/UX designers, AI engineers, e-governance specialists.

Nagpur, Maharashtra (IT Talent: ~30,000; GCCs: ~5)

Strategically positioned at India's geographic center, Nagpur is emerging as Central India's most deliberate Tier-2 technology destination, anchored by MIHAN (Multi-modal International Hub Airport at Nagpur) - India's largest multi-product SEZ spanning 2,086 hectares with 50+ companies operational and total project investment exceeding $2.4 billion. TCS has invested $72 million in a 54-acre campus with a capacity of 16,000; Infosys inaugurated a **$27.6 million** development centre. Office costs run 20-30% below Pune, with Nagpur University sanctioning 43 new engineering colleges to sustain the talent pipeline.

Key talent demand: Cloud and AI engineers, digital transformation specialists, aerospace IT professionals, ERP consultants, and data scientists.

Software and AI Talent in Tier-2 and Tier-3 India

India's Tier-2/3 cities are rapidly becoming core hubs for software and AI talent.

Driven by GCC (Global Capability Center) expansion, high engineering college graduates, and rapidly growing enterprise demand, these cities are starting to support full-stack, AI/ML, and data roles at scale.

Talent advantages include **30–50% lower cost and significantly lower attrition**, with increasing scalability for large teams. India is emerging as a **distributed global backbone for AI and software delivery**.

Talent Cost Advantage: Detailed Comparison

Exhibit 12:

Metric	Tier-1 Metros	Tier-2/3 Cities	Advantage
Avg. IT developer salary	₹12-18L/year	₹7-12L/year	30-40% lower
Office real estate	₹75-120/sq.ft/month	₹35-65/sq.ft/month	35-55% lower
Annual attrition	18-22%	10-14%	8-10pp lower
BPO hiring share (2024)	Declining	30%+ (projected 40% by 2025)	Growing rapidly
GCC workforce share	~93% today	Projected 61% by 2030	32pp shift to Tier-2/3 (from 7% to 39%)
Startup origination	~50% of recognized	~50% of recognized	At parity

Skill India at Scale

Since 2015, PMKVY has trained 16 million candidates. The restructured Skill India Programme (February 2025) merges PMKVY 4.0, PM-NAPS, and Jan Shikshan Sansthan into a single scheme. PM-NAPS has engaged 3.24 million apprentices; registered establishments grew from 17,608 (March 2017) to 221,000 (March 2024). Over 400 new courses in AI, 5G, cybersecurity, green hydrogen, and drone technology have been introduced.

> What this means for CHROs in India:
> - Prioritize Tier-2/3 cities as primary talent hubs, not overflow locations
> - Scale GCC and digital operations in these locations to unlock cost, retention, and talent depth

# China: The World's Largest Rural Talent Experiment

China's approach to small-town talent is the most systematically planned of any country. The Comprehensive Rural Revitalization Plan (2024-2027) places talent at the center of a five-pillar strategy. Meanwhile, second and third-tier cities already house more than two-thirds of the national manufacturing workforce.

Manufacturing Talent Clusters: City-Level Analysis

Second-tier cities employ 36.4% of China's manufacturing workers; third-tier cities account for 31.1%. Combined, non-first-tier cities house over two-thirds of the manufacturing workforce-a fact largely invisible in Western enterprise talent planning.
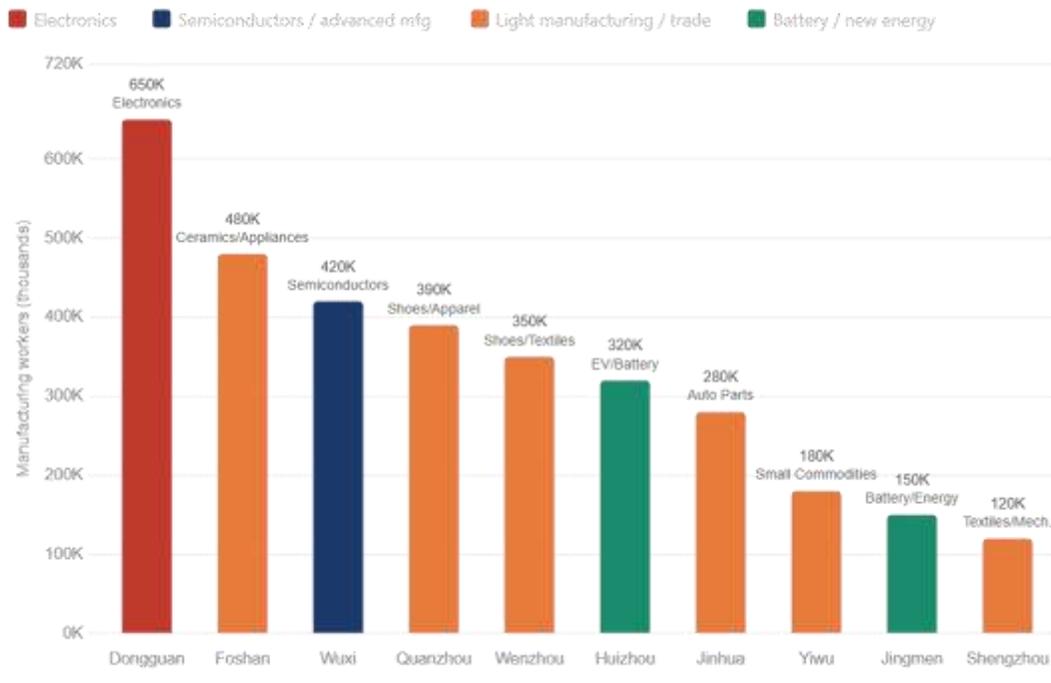
Exhibit 13:

China: Manufacturing Workforce Distribution by City Tier
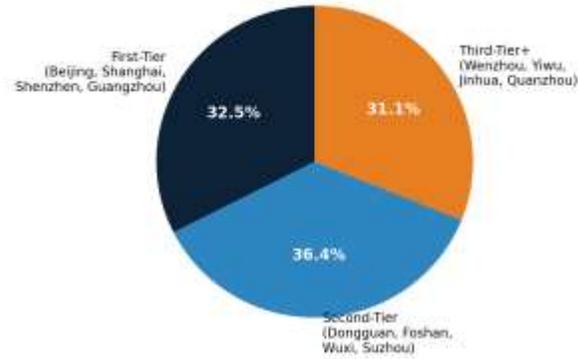
Source: China Integrated City Index 2024; NBS; OWL Sourcing. Draup analysis.

Exhibit 14:

Source: NBS; OWL Sourcing; local municipal statistics; Yicai Global; CnEVPost. Draup analysis, 2026.

Dongguan, Guangdong (Mfg Workers: ~650,000)

The world's largest electronics manufacturing hub. Produces 20% of global mobile phones and 40% of computer peripherals. Home to major facilities for Huawei, Oppo, Vivo, and thousands of component suppliers. The city has upgraded from low-cost assembly to advanced electronics manufacturing, creating demand for higher-skilled talent. Songshan Lake Science & Technology Park hosts R&D centers for Huawei and other firms.

Key talent demand: Electronics engineers, SMT (surface mount technology) technicians, quality inspectors, supply chain logistics managers, firmware developers, industrial designers.

Foshan, Guangdong (Mfg Workers: ~480,000)

China's ceramics and home appliances capital. 5th nationally in manufacturing output. Home to Midea Group (global appliance giant) and thousands of ceramics producers. The Shunde district alone produces 25% of China's household appliances. Foshan is transitioning to smart manufacturing, investing heavily in robotics.

Key talent demand: Robotics engineers, ceramic materials scientists, industrial designers, smart factory technicians, automation programmers.

Wenzhou, Zhejiang (Mfg Workers: ~350,000)

One of China's most entrepreneurial cities, famous for its shoe manufacturing cluster (producing 25% of China's shoes). Also strong in low-voltage electrical equipment, auto parts, and eyewear. Wenzhou's factory ecosystem ranges from large-scale operations to family workshops, creating a uniquely flexible labor market.

Key talent demand: Footwear design specialists, leather technicians, mold makers, quality control specialists, export/trade managers.

Yiwu, Zhejiang (Pop. <2M; Mfg Workers: ~180,000)

The "World's Small Commodity Capital" commanding 70% of the global Christmas commodity market. The Yiwu International Trade Market is the world's largest wholesale market. Despite a small population, Yiwu attracts talent from across China for its trading economy. Strong in e-commerce (Yiwu is China's largest cross-border e-commerce hub).

Key talent demand: International trade specialists, e-commerce managers, live-streaming commerce hosts, logistics coordinators, Arabic/Spanish/Russian language specialists.

Wuxi, Jiangsu (Mfg Workers: ~420,000)

8th nationally in manufacturing output. A major hub for semiconductors, solar panels, and precision machinery. Home to SK Hynix's largest overseas chip factory and multiple domestic

semiconductor firms. Wuxi's IoT industry is the largest in China (National IoT Innovation Center). Jiangnan University provides local STEM talent.

Key talent demand: Semiconductor process engineers, solar cell technicians, IoT developers, precision machining operators, clean-room technicians.

Shengzhou, Zhejiang (Mfg Workers: ~120,000)

Part of Zhejiang's distributed manufacturing model. Shengzhou Economic Development Zone's "Connect to Invest" strategy has attracted 36 projects exceeding 100M RMB since 2023, with total investment of 42.7 billion RMB. Specializes in textiles, mechanical components, and food processing.

Key talent demand: Textile engineers, mechanical technicians, food processing specialists, investment facilitation managers.

Quanzhou, Fujian (Mfg Workers: ~390,000)

Fujian province's manufacturing powerhouse. Home to Anta Sports, 361°, and dozens of other sportswear/footwear brands. Also strong in stone processing, ceramics, and electronic components. Quanzhou's private sector drives virtually all manufacturing output.

Key talent demand: Sportswear designers, polymer scientists, brand managers, e-commerce specialists, automated production line operators.

Jingmen, Hubei (Mfg Workers: ~150,000)

Central China's emerging battery manufacturing capital, positioned at the intersection of lithium resource supply chains and EV demand. EVE Energy, one of China's top-five battery manufacturers has made Jingmen the site of its largest production base globally, with a committed investment of up to CNY 30.5 billion (~$4.2 billion) targeting 105.5 GWh of annual capacity. The EVE anchor has drawn nearly 100 upstream and downstream companies into the city, creating an integrated battery industrial chain from cell production through recycling.

Key talent demand: Technicians, Industrial Automation Engineers, IoT Developers, Precision machining operators.

Huizhou, Guangdong (Mfg Workers: ~320,000)

A mid-sized Pearl River Delta city that has quietly become one of China's most strategically important battery and electronics manufacturing hubs. BYD's Dayawan campus, the company's original and largest electronics manufacturing base outside Shenzhen. Huizhou sits within the Guangzhou-Shenzhen-Foshan-Huizhou-Dongguan new energy intelligent connected vehicles cluster, officially designated as one of China's advanced manufacturing clusters, and has attracted over 100 EV-related suppliers and component makers into its orbit.

Key talent demand: Assembly engineers, Battery technicians, quality assurance and automation engineers.

Software and AI Talent in China's Tier-2 and Tier-3 Cities

China's AI and software talent is closely integrated with its industrial ecosystem.

Tier-2/3 cities are driving AI adoption in manufacturing, electronics, and smart infrastructure.

Government investment and vocational training are accelerating applied AI capabilities.

China's advantage lies in **AI at industrial scale**, combining software, hardware, and manufacturing across distributed regions.

Reverse Migration and the "New Villagers"

By 2024, ~67% of China's population was urban. However, a counter-trend is emerging: middle-class urban professionals migrating to rural areas as "new villagers." Policy reforms in 2024 relaxed migration restrictions for cities under 5M, reformed the hukou system, and protected rural land rights. Chongqing's plan targets 100,000 new rural talents by 2027 and 200,000 by 2030 across six key areas.

The World's Most Ambitious Vocational Training Campaign

China aims to train 30 million workers between 2025 and 2027. In 2024, the Ministry of Education introduced 40 new vocational programs spanning aerospace, precision manufacturing, and electronic materials. The "eight-level worker system" links qualifications directly to wages and promotions. The broader 2021-2025 goal targets 75 million government-subsidized training participants with 8 million reaching senior certification.

Focus areas: Advanced Manufacturing (aerospace, next-gen communications, biomedicine, EVs), Digital Economy (big data, AI, data security), and the Low-Altitude Economy (drones).

Geopolitical Risk Considerations

Enterprises evaluating China's Tier-2/3 talent clusters must weigh these opportunities against significant geopolitical headwinds. Ongoing US-China trade tensions, semiconductor export controls, evolving data localization requirements, and intellectual property risk are reshaping

where Western enterprises are willing to deepen operational exposure. These factors do not eliminate China's talent advantages—particularly for companies with existing China operations or domestic market mandates—but they require that workforce strategy be developed in close coordination with legal, compliance, and geopolitical risk functions. For enterprises without an existing China presence, the risk-adjusted cost of entry may offset the talent arbitrage benefits described above.

> What this means for CHROs in China:
> - Adopt cluster-based workforce strategies aligned to manufacturing and industrial ecosystems
> - Invest in vocational and technical talent pipelines to support advanced manufacturing and digital transformation

Strategies: Capturing the Small-Town Talent Advantage

Based on our analysis across all four geographies, we identify seven enterprise strategies organized across three dimensions: talent sourcing, talent development, and ecosystem engagement.

Exhibit 15:

Strategy	Description	Best Geography Fit	Example
1. Build Distributed Talent Hubs	Small, specialized centers (<150 people) in non-metro clusters	India (Nano-GCCs), US (Battery Belt), Europe (Eastern IT)	India: Coimbatore GCC with 80 AI engineers at 30% lower cost
2. Partner with Local Ecosystems	Leverage existing workforce development infrastructure	All geographies	US: Georgia Quick Start; India: PMKVY; China: Vocational system
3. Design Remote-First Roles	Systematically identify and recruit non-metro for distributed roles	US, Nordic Europe, India	Finland: State agency employees in rural locations via Statens Hus model
4. Invest in Targeted Upskilling	Build digital/AI skills on local industry strengths	All geographies	China: 30M worker vocational campaign; US: Battery Belt training centers
5. Leverage Cost Arbitrage	Capture 20-60% cost advantage without quality loss	India (20-35%), Europe (55-61%), US (15-20%)	Bulgaria: €18/hr vs Germany €45/hr for equivalent IT talent

Strategy	Description	Best Geography Fit	Example
6. Engage Government Programs	Proactively access incentives, subsidies, and talent pipelines	All geographies	India: GCC National Framework; China: Rural revitalization subsidies
7. Build Distributed AI & Software Teams	Establish globally distributed engineering teams across Tier-2/3 locations to optimize cost, scalability, and retention for software, AI and data roles	India, Eastern Europe, US	India: Tier-2 AI hub supporting global product engineering at 30-50% lower cost

Strategy Deep-Dive: The Distributed Hub Model

The most immediately actionable strategy for enterprises is the distributed talent hub. India's Nano-GCC model provides a template: centers of fewer than 150 specialists focused on a specific capability (AI engineering, ER&D, domain analytics) established in Tier-2/3 cities. This model delivers 15-20% cost savings over metro GCC equivalents while tapping growing talent pools with lower competitive intensity.

A Note on Total Cost of Ownership

The salary and real estate savings cited throughout this report are significant but do not represent the complete cost picture. Enterprises building distributed hubs in non-metro locations should expect additional costs during the first 12–18 months: longer onboarding and ramp-up cycles for teams operating outside established talent ecosystems, increased management overhead to maintain alignment with metro-based leadership, upfront investment in local infrastructure and connectivity, and cultural integration work to embed new hubs into global delivery networks. In our experience, these transitional costs typically reduce the net first-year savings to roughly half the headline salary arbitrage—but they diminish substantially by year two as hubs mature. The long-term cost advantage, compounded by lower attrition and growing local pipelines, remains structurally favorable. CHROs should model total cost of ownership over a three-year horizon rather than benchmarking on salary differentials alone.

What this means for CHROs:
- Move from insight to execution by piloting distributed hubs in high-potential locations
- Institutionalize a distributed workforce model as a core element of long-term talent strategy
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Implementation roadmap: Pilot 1-2 hubs → Build talent map → Partner locally → Scale

- Phase 1 (Months 1-3): Talent supply mapping using Draup's location intelligence to identify optimal non-metro locations aligned with capability needs.

- Phase 2 (Months 3-6): Pilot hub establishment with 20-50 professionals in a single capability domain. Partner with local universities and workforce agencies.

- Phase 3 (Months 6-12): Scale to 100-150 professionals. Integrate with the global delivery network. Establish local training partnerships for pipeline sustainability.

- Phase 4 (Year 2+): Replicate model across additional non-metro locations. Build cross-hub collaboration capabilities. Measure and optimize cost/quality/retention metrics

Comparative Analysis: Small-Town Talent at a Glance

Exhibit 16:

Dimension	United States	Europe	India	China
Non-metro workforce	13% of working age (46M)	21-31% by region (~90M)	~70% of population (~950M)	~33% of population (~490M)
Remote work	12% remote, 24% hybrid	High (Nordic); variable (rest)	Growing in metros	Policy-driven in Tier-2/3
Key talent sector	Adv. manufacturing (EV Belt)	IT (East); Vocational (West)	IT/ITES, GCCs, startups	Manufacturing clusters
Cost advantage	15-20% lower rural vs metro	55-61% (East vs West)	20-35% (Tier-2/3 vs Tier-1)	Significant in Tier-2/3
Development model	State programs (Quick Start)	Dual apprenticeship; EU funds	Skill India (16M trained)	30M workers (2025-2027)
Migration trend	Reverse (100K+/yr to small towns)	Mixed; 36 regions at risk	Tier-2/3 emergence (50% startups)	Reverse; "new villagers"
Top talent cities	Jackson Co. GA, Troup Co. GA	Kraków, Cluj, Lviv, Brno	Coimbatore, Mysuru, Jaipur	Dongguan, Wuxi, Foshan
Government support	AIDT, Quick Start, state incentives	EU Cohesion; European Alliance	GCC Framework; PMKVY	Rural Revitalization Plan
Education gap	15.3pp (bachelor's degree)	Varies (improving in East)	Improving (50% employability)	Vocational expansion
Key risk	500K manufacturing jobs unfilled	Talent trap in 36 regions	Infrastructure gaps in deep Tier-3	Hukou reform incomplete

Conclusion: The Next Decade Will Be Won Outside the Metros

The global talent landscape is undergoing a structural shift. Across the United States, Europe, India, and China, the center of gravity is moving away from Tier-1 metros toward smaller cities and non-metro regions. What was once peripheral is now becoming foundational to enterprise workforce strategy.

The implications are clear: 15–60% lower costs depending on geography, significantly lower attrition, and rapidly improving skill quality—across talent pools that remain largely underleveraged. Yet most organizations continue to operate with metro-centric talent models, creating a growing disconnect between where talent exists and where enterprises are looking.

This is not a marginal optimization—it is a strategic inflection point.

What Leaders Must Do Now

- **Build distributed talent hubs** anchored in high-potential Tier-2/3 locations
- **Redesign roles and operating models** for remote and hybrid execution at scale
- **Partner with local ecosystems** to secure long-term, resilient talent pipelines
- **Adopt a data-driven talent strategy** to continuously identify emerging clusters

Software and AI

The decentralization of talent now extends to software and AI—the most strategic capabilities for enterprises.

Organizations that act early will gain access to scalable, cost-efficient digital talent while building resilient, distributed engineering models.

The future workforce is not only distributed—it is AI-enabled and geographically unbound.

Final Thought

The question is no longer whether small-town talent matters — it is whether your organization will capture it before your competitors do.

The next decade's talent leaders will not be those with the largest metro presence — but those who build the smartest, most distributed workforce.

For further analysis, enterprise-specific talent mapping, and city-level deep dives across non-metropolitan geographies, contact Draup's Talent Intelligence team at info@draup.com.

About Draup

Draup is an AI-powered talent intelligence platform that helps enterprises make data-driven workforce planning decisions. Draup's platform provides granular insights into talent supply, skill availability, cost benchmarks, and location intelligence across more than 200 countries and 30,000 cities worldwide.

This report was produced by Draup's research team leveraging the platform's proprietary data alongside publicly available research from government agencies, multilateral organizations, and academic institutions.