How smaller cities can integrate newcomers into their labor markets

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In 2022, Canada's population grew by a million people. Nearly all this growth—a whopping 96 percent—came from immigration.

That's one million new people who need housing, education, health care and employment. [The last time Canada saw such a level of growth was 1957](#), during the post-war baby boom.

It's no secret that Canada is a nation open to [immigrants](#). Our active immigration and refugee process and welcoming attitude are baked into our national reputation. Multiculturalism is enshrined in [federal policy](#) and the cultural mosaic is touted as our model for integrating newcomers.

It's also clear Canada depends on immigration to drive population and [economic growth](#). Like many high-income countries, [birth rates here are far below replacement levels as families are choosing to have fewer children.](#)

This, coupled with an [aging population](#) and a pandemic that closed borders and slowed migration, has created [critical labor shortages](#) nationwide.

Matching jobs with skills

The federal government's economic recovery strategy relies heavily on increasing immigration targets.

The goal is to admit [500,000 new immigrants annually by 2025](#), more than 60 percent of whom will be economic applicants. An [economic applicant](#) is someone who's been selected for their occupational skills, experience and ability to contribute to Canada's economy.

Canada's approach to labor migration sounds good in theory: select the most talented applicants and offer them one-way tickets to a welcoming country with bountiful jobs and endless opportunity.

But there's one problem. Newly arrived immigrants typically struggle to find employment that matches their skills and qualifications. Research shows that many end up working in precarious jobs characterized by low wages, irregular hours and unstable contracts.

Yet, if executed well, Canada's ambitious immigration plan could benefit smaller communities and local employers desperately seeking workers.

In our recent study published in *The Canadian Geographer*, we showed that more immigrants are settling in small and mid-sized communities than in Canada's largest metropolitan areas of Toronto, Vancouver and Montréal.

How do smaller urban areas ensure the economic integration of newcomers? To answer this, we focused our research on the city of Guelph, Ont., that has one of the lowest unemployment rates in the country.

Driven by local industry

Interviews with local service providers and employers in the city revealed that anyone who wants a job can get one. But as our research showed, the type and quality of jobs available were low-skilled and less desirable to the highly educated, highly skilled immigrants Canada typically admits annually.

Employment in small and mid-sized cities is largely driven by local industry, which varies depending on the region. In Guelph, it's manufacturing; in Brandon, Man., it's wheat; in Prince George, B.C., it's forestry, and in Pictou County, N.S., it's mining.

So, while there may be many jobs available, the sectors and locations of those jobs may not align with the skills, qualifications and work

preferences of newcomers to Canada. One way to bridge this gap is through regional economic immigration programs such as the Provincial Nominee Program (PNP).

The [PNP allows provinces and territories](#) to select a specific number of immigrants to meet their local labor market needs. In 2023, close to one-quarter of anticipated immigrants are allocated to the PNPs.

Immigrants applying to the PNPs are awarded higher points for in-demand occupations and are nominated for permanent residence by the province or territory. As part of the program, immigrants must indicate they intend to work and reside in that province.

The impact of the PNPs has been [evaluated over time](#) and the outlook for participating immigrants is promising. The challenge for cities will be to retain newcomers once they arrive.

Studies show that [communities that have meaningful employment opportunities](#) fare better at attracting immigrants.

Supporting skilled newcomers

There is no disputing that our existing labor supply is being diminished by economic growth, aging populations and a low birth rate. In 1980, for every one retiree there were six workers. By 2036, there will be only [three workers for every retiree](#).

Canada's response has been to boost immigration levels significantly. For that to be effective, we need integration policies that support skilled newcomers and a well-funded settlement sector that can keep pace with the entry of newcomers across all cities—large and small.

We also need governments to invest in better infrastructure, [including](#)

[housing](#) and improved health care capacity.

Smaller urban communities can help by taking pressure off the most heavily populated regions. With better alignment between policy and reality, [immigrant](#) employment experiences can improve over time.

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