

How Canada Can Chart a Sustainable Path

Absorptive Capacity and the Future of Canadian Immigration Policy



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Highlights

- Immigration policy discourse has recently shifted from using *absorptive capacity* to using *sustainable immigration* when defining limits for immigration targets. This shift signals the challenge of balancing short-term pressures on infrastructure and services with long-term economic, demographic, and planning goals.
- Conceptual ambiguity means there is no single, fixed threshold for what level of immigration is sustainable. In practice, capacity constraints vary across regions and sectors and over time, making ongoing reassessment more relevant than one off adjustments to immigration levels.
- Working toward sustainable immigration requires stronger coordination across federal, provincial, and municipal governments, as well as an alignment of immigration policy with broader socio-economic objectives.
- Better community-level, multi-dimensional data is essential to informing a sustainable immigration approach. The absence of local data across key socio-economic indicators limits policy-makers' ability to anticipate pressures and plan proactively for population fluctuations. Our upcoming immigration index will aim to fill these gaps.

Why immigration sustainability matters

Immigration is central to addressing demographic change, labour market needs, and long-term economic growth in Canada.¹ Yet, periods of rapid immigration-driven population growth, such as that following the COVID-19 pandemic, have coincided with concerns about housing availability and affordability, access to primary and emergency healthcare, labour market pressures, and the adequacy of social services.² Central to this discussion has been the idea of Canada's absorptive capacity—asking the following question: How much immigration can Canada sustain?

In broad terms, *absorptive capacity* refers to a society's short-term ability to integrate population growth without compromising overall living standards or straining access to services such as housing, healthcare, and social supports.³ *Sustainable immigration*⁴ looks beyond immediate pressures toward the longer-term trajectory of a country's population growth, economic needs, and infrastructure ambitions.⁵

Although *absorptive capacity* and *sustainable immigration* are often used interchangeably, there are subtle differences in their use. *Absorptive capacity* has traditionally been the dominant term in policy rhetoric, but since Prime Minister Carney's government took office in spring 2025, use has shifted toward *sustainable immigration*.⁶

Understanding this shift raises important policy considerations for Canada's immigration future: What is sustainable immigration? What factors go into measuring it? What needs to be done to achieve it?

To address these questions, we conducted a review of relevant Canadian literature published between 1990 and 2026 covering 37 academic and policy sources. We designed the review to explore the concept of absorptive capacity in immigration research and policy and how it informs a sustainable immigration approach. The review forms part of a broader project developing an index to measure the impact of immigration on Canadian communities.

1 Dennler, *The Leaky Bucket*; and Banerjee and others, "Canada's Long-Standing Openness."

2 Signal49 Research (formerly operating as The Conference Board of Canada), *Shift in Immigration Policy*; Hou and others, *Immigration and Housing Prices*; and Kelso, *Safeguarding Support for Immigration*.

3 Brochmann and Grødem, *Absorption Capacity*.

4 Government of Canada, *Canada Strong*.

5 Hiebert, *Balancing Canada's Population Growth and Ageing*; and Hiebert, *Understanding the Impact of Immigration*.

6 Carney, "Mandate Letter."

The literature review was guided by the following research questions:

- How are absorptive capacity and sustainable immigration defined and conceptualized in the context of immigration?
- What are the main indicators of absorptive capacity and sustainable immigration in economic, social, and policy-related literature?
- What role do federal and provincial policies play in responding to Canada's immigration levels and absorptive capacity?
- How does Canada compare to other countries in terms of immigration-related policies that address absorptive capacity and sustainable population growth?

See Appendix A for a detailed discussion of the methodology used in this literature review.



From absorptive capacity to sustainable immigration

A history of absorptive capacity

Absorptive capacity was initially defined in the fields of organizational and business management as the ability of firms and corporations to incorporate and capitalize on new information, often as a byproduct of research and development (R&D).⁷ Over time, the concept was applied beyond organizational R&D contexts and became associated with public policy and national systems.⁸

In an immigration policy context, absorptive capacity has played a role for over a century: The concept was first introduced and implemented during the recession following the First World War, when immigration levels were closely tied to labour demand and economic conditions.⁹ From that period until 1990, immigration flows were largely connected to unemployment levels.¹⁰ The absorptive capacity concept also informed the targeted recruitment of immigrants to in-demand occupations.¹¹

Over the years, various Canadian government figures have used the concept of absorptive capacity alongside ideas of sustainable immigration to stabilize and plan for population growth. (See Exhibit 1.)

7 Cohen and Levinthal, "Absorptive Capacity: A New Perspective."

8 Van Den Bosch and others, "Absorptive Capacity: Antecedents."

9 Green and Green, "The Goals of Canada's Immigration Policy."

10 Green and Green; and Raj, "Immigration and Integration Policy."

11 Green and Green.

Exhibit 1

A timeline of mentions of absorptive capacity and sustainable immigration in Canadian policy history

1947	“The essential thing is that immigrants be selected with care, and that their numbers be adjusted to the absorptive capacity of the country.” Prime Minister William Lyon Mackenzie King¹
1948	“In trying to define the absorptive capacity of Canada there are other factors of much greater importance than the mere superficial area of the country. ... The existence of large accumulations of capital available for investment is another important factor.” Diplomat Hugh Llewellyn Keenleyside²
1958	“In the sense that it is selective, Canada's immigration policy is discriminatory, but it must be born in mind that the potential supply of prospective immigrants throughout the world is practically unlimited, whereas the intake of immigrants into Canada must be a gradual process, geared to the absorptive capacity of the country.” Minister of Citizenship and Immigration Ellen Fairclough³
1994	“Periodically throughout our history—especially during economic downturns—there have been calls to slam the door shut to immigration. That sentiment, at times, has been translated by governments into restrictive laws and policies. I believe that such sentiments indicate a lack of vision [of] what this country can become.... I believe that decisions about immigration should be made from the perspective of a long-term vision for Canada's future.” Minister of Citizenship and Immigration Sergio Marchi⁴
2024	“Canada is probably the country in the world which is the most welcoming of new Canadians.... That is a huge economic strength. It is a real driver of our country's economic growth.... At a time when all of the industrialized countries in the world are facing huge demographics challenges, we are extremely fortunate ... that we have the social capacity to welcome immigrants.... If we want to be a country that welcomes new Canadians—and I strongly believe that's the right thing for all of us—we have to build more homes faster.” Minister of Finance Chrystia Freeland⁵
2025	“In 2018, 3.3 per cent of Canada's population were temporary residents. By 2024, that number had more than doubled to 7.5 per cent, an unprecedented rate of growth that put pressure on housing supply, the healthcare system, and schools. Canada's new government recognises that this system is no longer sustainable, and we are determined to make it so, for everyone who lives in and comes to this country.” Government of Canada⁶

¹ King, “Immigration.”

² Keenleyside, “Canadian Immigration Policy,” 230.

³ Clark-Kazak, Age and Immigration Policy in Canada, 22–23.

⁴ Green and Green, “The Goals of Canada's Immigration Policy,” 130–31.

⁵ National Post, “Freeland.”

⁶ Government of Canada, *Canada Strong*, 95.

Source: Signal49 Research.

Defining absorptive capacity

In the context of immigration, definitions of absorptive capacity vary. While these definitions overlap in important ways, they tend to emphasize different core issues. The following are the approaches to absorptive capacity we identified across the reviewed literature:

- **Economics-oriented definition:** the ability of the economy to invest in private and public capital and maintain economic productivity at a pace that can keep up with increased immigration levels and public service demands.¹²
- **Social supports-oriented definition:** the consolidation of or balance between population growth and a country's social support infrastructure.¹³
- **Population growth-oriented definition:** the ability to manage population growth in the short and long terms by leveraging social, economic, and physical resources.¹⁴
- **Planning-oriented definition:** a measure to identify the optimal level(s) of immigration given available resources,¹⁵ or, the optimal level(s) of resources to absorb higher immigration levels.¹⁶

These differing interpretations converge on why absorptive capacity matters in Canada's immigration context. When absorptive capacity is sufficient, social services respond effectively to population growth and society reaps collective benefits, including improvements to measures such as GDP per capita.¹⁷ When absorptive capacity is compromised, however, infrastructure and services come under strain and overall living standards decline.¹⁸



Moving to sustainable immigration

Sustainable immigration takes a proactive approach to anticipating population growth by calculating future needs for public services and infrastructure, and plans immigration levels in coordination with other policy areas.¹⁹

Applying a sustainable immigration approach, infrastructure design should inform immigration policy decisions, and vice versa.²⁰ Critically, this means that an effective sustainable immigration approach relies on policy-makers' ability to align immigration policy with broader socio-economic objectives.²¹

¹² Doyle and others, "The Economics of Canadian Immigration Levels"; and Luz and others, "Meta-Analysis."

¹³ Green and Green, "The Goals of Canada's Immigration Policy"; Hiebert, *Understanding the Impact of Immigration*; and Kelso, *Safeguarding Support for Immigration*.

¹⁴ Du, "Absorptive Capacity in Canada"; and Copeland, *House of Commons Standing Committee*.

¹⁵ Brochmann and Grødem, *Absorption Capacity*; and Hiebert, *Understanding the Impact of Immigration*.

¹⁶ Paquet, *Moderato Cantabile*; and Jacobsen, "Factors Influencing the Policy Responses."

¹⁷ Kelso, *Safeguarding Support for Immigration*.

¹⁸ Doyle and others, "The Economics of Canadian Immigration Levels"; and Smith, "Accounting for the Decline."

¹⁹ Hiebert, *Balancing Canada's Population Growth and Ageing*; and Hiebert, *Understanding the Impact of Immigration*.

²⁰ Dinç and Dennler, *Building on COVID-Period Immigration Levels*.

²¹ Hiebert, *Balancing Canada's Population Growth and Ageing*; Government of Canada, *Canada Strong*; and Hiebert, *Understanding the Impact of Immigration*.

Factors to measure sustainable immigration

There is no clear consensus on how sustainable immigration or absorptive capacity is measured.²² Past attempts at measurement have varied in their emphasis, whether on the capacity of public services, on levels of GDP per capita, on economic productivity, or on labour market indicators such as unemployment.²³

The literature generally converges on two broad dimensions that shape operable capacity ranges: economic conditions—including productivity and income levels—and the availability and resilience of social services and public infrastructure.

However, sustainable immigration is difficult to quantify because it's shaped by multiple interrelated factors. That the literature identifies no single threshold that neatly balances population growth with service provision helps to illustrate why this topic is contested.²⁴

Economic implications: GDP per capita and productivity

Signal49 Research has long highlighted how immigration can increase Canada's overall GDP.²⁵ GDP per capita, a common measure for prosperity and living standards, is another economic factor to be considered.²⁶ In order for immigrants to contribute substantively to productivity and GDP per capita, they need access to equitable employment with incomes at least as high as Canadian-born citizens in similar positions and with comparable qualifications.²⁷

When absorptive capacity is sufficient, outcomes tend to be reflected in better labour-market integration and rising immigrant earnings.²⁸

By contrast, when absorptive capacity is compromised or outpaced by immigration and population growth, these positive effects weaken; GDP can decline and pressure on labour markets can intensify, affecting economic performance.²⁹

Social services and infrastructure implications: Housing and health

Housing affordability is closely tied to absorptive capacity, as housing supply and demand shift with changes in population size and demographics.³⁰

On the demand side, housing pressures intensified following the rapid growth in the Canadian population from 2022 to 2024, driven by escalating immigration levels during that time. Consistent with this experience, the Canada Mortgage and Housing Corporation reports that slower population growth linked to immigration policy changes, particularly fewer international students, reduced rental demand and contributed to softer rental market conditions and easing rent pressures in 2025.³¹

However, there is nuance to these findings. Housing markets are local and experience different impacts depending on where population growth is concentrated. For example, higher immigration-driven population growth in larger metropolitan centres—those exceeding a population of 100,000—results in a stronger association with higher median house values and median rents when compared with smaller municipalities.³²

22 Whitaker, *Canadian Immigration Policy Since Confederation*.

23 Doyle and others, "The Economics of Canadian Immigration Levels"; and Luz and others, "Meta-Analysis."

24 Elrick, "The Problem With Immigration Targets."

25 Dinç and Dennler, *Building on COVID-Period Immigration Levels*.

26 Dinç and Dennler; and Smith, "Accounting for the Decline."

27 Dinç and Dennler.

28 Dungan and others, "Macroeconomic Impacts"; and Frenette, *Economic Immigrants in Gateway Cities*.

29 Frenette; Smith, "Accounting for the Decline"; and Doyle and others, "The Economics of Canadian Immigration Levels."

30 Boulais-Préseault and others, *Beyond Homeownership*.

31 Canada Mortgage and Housing Corporation, "2025 Rental Market Report."

32 Hou and others, *Immigration and Housing Prices*.

Demand impacts also differ depending on the type of immigration. Non-permanent residents are more likely than permanent residents and non-immigrants to rent property rather than own it, therefore increasing demand in the rental market.³³ Higher permanent immigration tends to increase demand for ownership of housing, such as single-detached homes, but also adds to rental demand during their initial years in Canada.³⁴

Overall, evidence suggests that impacts on housing demand come from a mix of varying factors and not immigration alone.³⁵ Housing prices, for instance, can be affected by local economic conditions, regional factors, housing policies, and supply constraints.³⁶

Observed more broadly, absorptive capacity pressures are also a settlement challenge for newcomers. New non-permanent residents, for instance, are more likely to be affected by rental price increases given their likelihood to rent rather than purchase property.

Access to healthcare represents another key dimension of absorptive capacity. In 2025, close to 6 million people in Canada (18 per cent) reported not having a family doctor or nurse practitioner.³⁷ When primary care becomes stressed, people turn to emergency services, which contributes to longer wait times and adds to the demand pressures.³⁸

These pressures affect immigrants as well, sometimes disproportionately so. For example, Statistics Canada found that recent immigrants are less likely to report having a regular healthcare provider than non-immigrants, and many rely on walk-in clinics or report having no usual place for non-urgent primary care.³⁹

Such examples highlight the complexity of absorptive capacity in relation to immigration. Capacity strains affect both immigrants and non-immigrants alike, and there are both supply and demand factors to consider.

Across housing and healthcare, immigration emerges as both an impact and an opportunity: While population growth increases demand, immigration also expands supply by addressing labour shortages in key sectors such as construction and healthcare.⁴⁰



33 Zhang and Hou, *Housing Use of Immigrants*; and Hou and others, *Immigration and Housing Prices*.

34 Zhang and Hou, *Housing Use of Immigrants*.

35 Hou and others, *Immigration and Housing Prices*.

36 Hou and others.

37 Canadian Medical Association, "New Survey."

38 Canadian Institute for Health Information, "Primary and Virtual Care Access."

39 Shah and Gupta, *Navigating Health Care*.

40 Guccini and Perley-Robertson, *From Newcomers to Game Changers: Immigrant Skill Utilization in the Construction Sector*; and Guccini and Perley-Robertson, *From Newcomers to Game Changers: Immigrant Skill Utilization in the Healthcare Sector*.

Public opinion and immigration policy

Public support for immigration is not an indicator of absorptive capacity. However, rapid shifts and declines in public support often emerge when individuals experience pressures that are commonly associated with capacity strains in their daily lives. Such pressures include higher rental and home-purchase costs, elevated unemployment or job insecurity, and long wait times for and limited access to essential services.⁴¹

Failure to recognize and respond to such challenges can erode public confidence in immigration over time.⁴² This erosion can then seed the ground for policy change, as reflected in the 2025–2027 Immigration Levels Plan announcement in October 2024 when extensive cuts were made to then-rising immigration levels. In that announcement, the government framed the issue in the following way: “In response to the evolving needs of our country, this transitional levels plan alleviates pressures on housing, infrastructure and social services so that over the long term we can grow our economic and social prosperity through immigration.”⁴³

Despite public opinion trends,⁴⁴ immigration is not the sole cause of many of the capacity challenges Canada faces. Housing shortages, for example, predate the immigration surge of the early 2020s, and immigrants are often among those most likely to be affected by these pressures.⁴⁵

These experiences demonstrate that public support for immigration (or lack thereof) is just one element of a complex system. Determining a sustainable immigration approach demands a fulsome view of both the demand and supply sides of immigration—that is, both how immigration affects services and infrastructure and how immigrants contribute to the labour market, GDP, and social fabric of Canada.⁴⁶

41 Banerjee and others, “Canada’s Long-Standing Openness”; and Kelso, *Safeguarding Support for Immigration*.

42 Banerjee and others.

43 Immigration, Refugees and Citizenship Canada, “Government of Canada Reduces Immigration.”

44 Environics Institute, *Canadian Public Opinion*.

45 Hou and others, *Immigration and Housing Prices*; and Gunderson and Cukier, “Immigrants and House Prices.”

46 Diab, *2025 Annual Report*.

Immigration sustainability as a shared challenge

Comparing Canada abroad

Canada has historically relied on immigration as a key economic strategy in ways that are similar to approaches taken in two other countries that were most often compared to Canada in the literature: Australia and New Zealand.⁴⁷ All three countries employ a human capital approach to immigrant selection, emphasizing education and skills rather than relying primarily on pre-landing employment offers.⁴⁸ Australia’s and Canada’s governments in particular have taken inspiration from each other’s policy models regarding multiculturalism and skilled immigration policies for decades.⁴⁹ However, Canada’s and New Zealand’s immigration systems have been geared more toward maintaining absorptive capacity by adjusting immigration levels depending on the state of the labour market, whereas Australia’s approach has centred long-term population planning and infrastructure development.⁵⁰

More recently, during the early stages of the COVID-19 pandemic, Canada experienced a sharper drop in immigration levels between 2019 and 2020 than either Australia or New Zealand, accompanied by a roughly 13 per cent decline in GDP per capita—also more pronounced than in Australia and New Zealand over the same period.⁵¹ In response to the subsequent labour shortages, all three countries raised their immigration targets, but Canada’s changes were the most substantial.⁵² This approach resulted in above-average population growth of 3.2 per cent in 2023 in Canada,⁵³ exceeding growth rates in Australia (2.4 per cent) and New Zealand (2.3 per cent) that year.⁵⁴

47 Ongley and Pearson, “Post-1945 International Migration.”

48 Du, “Absorptive Capacity in Canada”; and Harrap and others, “Australia’s Superior Skilled Migration Outcomes.”

49 Harrap and others, “Australia’s Superior Skilled Migration Outcomes.”

50 Ongley and Pearson, “Post-1945 International Migration”; and Hiebert, *Understanding the Impact of Immigration*.

51 Du, “Absorptive Capacity in Canada.”

52 Harrap and others, “Australia’s Superior Skilled Migration Outcomes”; and Du, “Absorptive Capacity in Canada.”

53 Statistics Canada, “Canada’s Population Estimates.”

54 World Bank Group, “Population Growth (Annual %) – Australia”; and World Bank Group, “Population Growth (Annual %) – New Zealand.”

Consequently, outcomes have diverged across key indicators. Canada has performed worse than both Australia and New Zealand on measures such as housing affordability, unemployment, and the age-dependency ratio, while its economic productivity was behind Australia's but remained stronger than New Zealand's.⁵⁵ While literature points to Canada's fluctuating selection policy as a key indicator of this outcome, there are limitations in direct comparisons between countries' economic conditions and immigration populations because the source data does not always line up exactly.⁵⁶

European cases can also serve as comparison points to Canada, especially from a historical perspective. A study comparing the immigration policies of Canada, France, and Germany since 1945, for instance, found that France used immigration to close demographic gaps, and Germany focused exclusively on the (re-) immigration of people of proven German descent in the years following the war.⁵⁷ In contrast, Canada had already planned to establish itself as a "sustainable immigration country in the long-term" through the Immigration Act of 1952.⁵⁸

While sustainable immigration is a shared challenge across countries, no universal formula exists to calculate optimal immigration levels. Comparing Canada with other immigration-reliant countries nonetheless helps contextualize different planning approaches and prepares Canadian policy-makers to develop an approach that reflects its own economic needs, infrastructure capacity, and regional realities.

A sustainable path forward

Strengthening government coordination

Sustainable immigration depends on aligning immigration policy with other areas of government policy—for instance, housing, infrastructure, and health services—as well as greater coordination across orders of government.

Canada has recently shifted toward incorporating a whole-of-government approach in immigration policy rhetoric (see "Public opinion and immigration policy"). While setting immigration levels is largely a federal government exercise, provincial and municipal governments are closely involved in managing the impacts of changing population trends and labour market dynamics in their jurisdictions.

Municipal governments, for example, play an important function in planning housing development, managing transit, and organizing community integration activities.⁵⁹ They feel many of the absorptive capacity pressures of increased population growth—on housing or transit, for example—yet remain largely excluded from decisions about immigration levels and distribution.⁶⁰

The Municipal Nominee Program (MNP) pilot, announced by the federal government in 2019 and partially based on the Provincial Nominee Programs, could have helped to bridge this gap if not for its stalling in 2024. The program would have allowed local communities, chambers of commerce, and labour councils to directly sponsor immigrants for permanent residency.⁶¹

55 Du, "Absorptive Capacity in Canada."

56 Harrap and others, "Australia's Superior Skilled Migration Outcomes."

57 Alm, "Dynamic Typologies."

58 Alm, 300.

59 Preston and others, *The Municipal Role in Immigration*.

60 Preston and others; and Copeland, *House of Commons Standing Committee*.

61 Immigration, Refugees and Citizenship Canada, "IRCC Consultation."

Beyond governments, settlement service organizations and employers also play an important role in charting a sustainable immigration path. By matching newcomers to available jobs, leveraging employment networks, or supporting newcomers' integration into the local community, these organizations enhance the contributions of immigrants and help communities absorb population growth more effectively.⁶²

Creating structured mechanisms for greater input from these local-level actors will help move Canada toward a more sustainable immigration approach. A highly centralized policy-making function at the national level places an unsustainable burden on the federal government to assess diverse and uneven impacts across communities, many of which are not well served by a one-size-fits-all approach. Expanding formal channels for local engagement or granting greater decision-making authority at the municipal and regional levels would enable more timely, targeted responses that better reflect local and regional conditions.⁶³

Data needed to inform sustainability

Our review of the literature found no widely accepted, evidence-based way to measure the absorptive capacity of cities and towns across Canada.

Similarly, there is a lack of specific, community-level data to inform the next era of immigration decision-making in Canada: a path toward sustainability.

Signal49 Research is developing an index to fill these gaps. This index measures the impact of immigration in Canadian communities across five dimensions: the economy, housing, health and community wellbeing, education, and public transit.

The index also provides data at the national, regional, and community levels, equipping policy-makers with the data needed at their level of operation to scope their policies and programs most effectively.

However, charting a sustainable path forward includes a holistic understanding of both the demand and the supply sides of immigration. While the index can be relied upon to assess capacity constraints and adequately plan and prepare for future levels of immigration, policy-makers also need data that measures immigrants' contributions to Canada's prosperity. Such data could include, for example, how to best use immigrant skills and talents⁶⁴ or how to best leverage new ideas and creativity through immigrant entrepreneurship.⁶⁵

62 Immigration, Refugees and Citizenship Canada, "Canada's Approach to Settlement."

63 Preston and others, *The Municipal Role in Immigration*.

64 Perley-Robertson and Monteiro, *From Newcomers to Game Changers: A Scorecard*.

65 El-Assal, *Enhancing Success*.



Appendix A

Methodology

The literature review was designed to shed light on the concept of absorptive capacity in immigration research and policy and outline practical implications for short-term and long-term immigration planning and community building.

The literature review forms part of a research project developing Canada's first-ever index to measure the impacts of immigration at the community level. Gaining a better understanding of how absorptive capacity can be measured and benchmarked is necessary to ensure that the index is relevant, accessible, and easily applicable so that end users can rely upon the data to inform their decision-making.

The literature review aimed to answer the following questions:

- How are absorptive capacity and sustainable immigration defined and conceptualized in the context of immigration?
- What are the main indicators of absorptive capacity and sustainable immigration in economic, social, and policy-related literature?
- What role do federal and provincial policies play in responding to Canada's immigration levels and absorptive capacity?
- How does Canada compare to other countries in terms of immigration-related policies that address absorptive capacity and sustainable population growth?

Literature selection

We selected literature that was most relevant to the research questions based on article type, study data or context, and date of publication. We reviewed academic literature such as journal articles, peer-reviewed research papers, and grey literature such as research reports, policy briefs, and newspaper articles. Using the keywords or search terms *absorptive capacity*, *absorption capacity*, *immigration*, *Canada*, and *Canadian*, we prioritized sources that were directly related to absorptive capacity in Canada's economy and immigration policy.¹ Some additional sources were selected for contextualization: Two sources represented the origins of the absorptive capacity concept in business management and innovation, and two other sources discussed absorptive capacity in a European immigration context only. We prioritized Canadian literature but included non-Canadian publications where needed, as the concept of absorptive capacity in immigration and its origins in organizational management are not limited to a Canadian context.

Using the keywords and selection criteria, we shortlisted 48 sources for review. This number already excludes sources we didn't consider for shortlisting based on the title or abstract shown in the search engines. Of the 48 shortlisted sources, we excluded 11 items that, upon further review, did not meet our selection criteria. Reasons for exclusion varied; some sources were focused on immigration but used the original concept of absorptive

capacity in an organizational management sense, while other papers used the words *absorptive* and *capacity* separately but not *absorptive capacity* as a phrase. Although we prioritized peer-reviewed academic sources such as journal articles, books, book chapters, and research reports, we also consulted policy briefs, newspaper articles, and news releases (see Table 1) to ensure that we understood the broader public discourse on absorptive capacity and sustainable immigration policy.

We reviewed 37 sources for this literature review. Of these sources, 36 were written in English and one in French. We selected literature published between 1990 and 2026 to ensure the relevance of findings to the current Canadian immigration system. Only four sources were published in the 1990s. Slightly under half of the reviewed literature (17 sources) was published in 2024 or later, which reflects the post-2024 shift in immigration levels planning toward caps and reductions of temporary and permanent resident admissions.

Literature review and analysis

We adopted an analytical framework that reviewed the literature relative to the following categories of inquiry.

Each source was assessed for relevance and validity through an initial review of the full text. Relevance review was based on the date of release and the study context.

Once relevance was confirmed, we conducted a thematic analysis. This analysis involved categorizing the literature into four themes based on the key research questions. We summarized the key findings and contexts of each individual source, noting any points of concern that emerged about biases or agendas evident in the authors' writing or affiliation to re-evaluate the item for exclusion, if needed. (See Table 1.) We synthesized the literature by comparing and contrasting sources' recurring conceptualizations (e.g., how absorptive capacity is defined and which other policy areas it relates to, such as housing or healthcare), areas of agreement or disagreement between authors' arguments, and gaps in the evidence base. The emerging patterns from the thematic analysis built the basis for this primer.

Limitations

Absorptive capacity is an oft-cited but underdefined concept, with a lack of consensus on how it is measured or applied to immigration policy and economic planning. Therefore, a limitation of this review is that sources showing translation of absorptive capacity indicators into actionable immigration policy are elusive. We included criticisms and concerns as a criterion in our analytical framework to balance the findings and account for potential drawbacks in applying the concept to our index research.

¹ Additional scans of relevant literature using the search terms *sustainable immigration*, *immigration optimization*, *integrative capacity*, and *carrying capacity* along with *immigration* and *Canada* returned sparse new or relevant results.

Table 1

Literature review analytical framework

Criterion	Included in analysis	Excluded from analysis
Article type	• Journal article • Book • Book chapter • Research report • Policy brief • Newspaper article • News release	• Blog post • Presentation
Date of release	• 1990–2026	• Prior to 1990
Study data or context	• Absorptive capacity as an immigration concept • Sustainable immigration planning • Canadian immigration policy and planning • Canadian population growth and its socio-economic impacts • (Limited inclusion for additional context: Absorptive capacity as a management concept)	• Absorptive capacity as a management concept • Non-Canadian immigration policy and planning (except for country comparisons with Canada)
Key findings and main topics	• Definitions of absorptive capacity and sustainable immigration • History of uses of absorptive capacity and sustainable immigration concepts in Canadian immigration policy • Involvement of federal, provincial, and municipal policies in responding to Canada's immigration levels and absorptive capacity • Canada's immigration policy in comparison with other countries' policies (within the context of absorptive capacity and sustainable immigration) • Differentiation between short-term and long-term policy goals and immigration outcomes	• Key findings unrelated to absorptive capacity or sustainable immigration
Identified means of measurement for absorptive capacity or sustainable immigration levels	• Identified (socio-)economic indicators of absorptive capacity and sustainable immigration • Identified ways of standardizing measurements through known indicators • Identified policy levers for policy inclusive of absorptive capacity considerations and sustainable immigration planning	N/A
Identified gaps in knowledge	• Identified gaps in knowledge or consensus in definitions of absorptive capacity and sustainable immigration • Identified gaps in translating absorptive capacity and sustainable immigration research into policy practice • Identified gaps in existing research and evidence base on absorptive capacity and sustainable immigration	• Identified gaps in knowledge unrelated to absorptive capacity or sustainable immigration
Identified criticisms and concerns related to absorptive capacity and sustainable immigration	• Identified criticisms regarding biased and normative perspectives on immigration and immigrants • Identified concerns over a lack of widely accepted measurement standards	• Evident bias or agenda based on authors' writing or affiliation • Normative judgments or perspectives on immigrants and immigration

Source: Signal49 Research.

Appendix B

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Acknowledgements

This research was prepared with financial support from the National Immigration Centre. For more information, see the [Centre's webpage](#).

Many colleagues helped to bring this research to life. Lauren Hamman, (former) Associate Director, MPPGA, and Stein Monteiro, Lead Research Associate, PhD, conceived of this project and provided oversight throughout the research and writing process. Federica Guccini, Research Associate, PhD, executed the research for this literature review. Stefan Fournier, Executive Director, MA, provided feedback on early drafts. This output was designed by the Design Services team at Signal49 Research.

We also wish to thank the members of the Research Advisory Board who supported this research:

- **Roukya Abdi Aden**, Manager, National Consultations on Economic Development and Employability, RDÉE Canada (Réseau de développement économique et d'employabilité)
- **John Calhoun**, Assistant Director and Senior Economist, Post-Secondary Education, Training and Labour, Government of New Brunswick
- **Victoria Esses**, Professor of Psychology, Western University; Principal Investigator, Pathways to Prosperity Partnership
- **Ashraf Mirmontahai**, Director, Employment Services Unit, Saskatoon Open Door Society
- **Alex Taylor**, Manager, Post-Secondary Education, Training and Labour, Government of New Brunswick
- **Jeslyn Thibedeau**, Assistant Director, Outcomes Analysis Unit, Immigration, Refugees and Citizenship Canada

How Canada Can Chart a Sustainable Path: Absorptive Capacity and the Future of Canadian Immigration Policy Federica Guccini

To cite this research: Guccini, Federica. *How Canada Can Chart a Sustainable Path: Absorptive Capacity and the Future of Canadian Immigration Policy*. Ottawa: Signal49 Research, 2026.

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