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THE ROLE OF ARBITRATION IN COLLECTIVE LABOR DISPUTES: LEGAL APPROACHES ON RESOLVING COLLECTIVE LABOR DISPUTES IN RNM

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Abstract

The resolution of collective labor disputes is a basis of maintaining industrial peace and promoting fair labor relations. In North Macedonia, arbitration serves as one of the primary alternative dispute resolution mechanisms for addressing conflicts between employee unions and employers, especially when negotiation and mediation fail. This paper explores the legal framework governing arbitration in collective labor disputes, analyzing the relevant provisions of the national labor legislation, such as the Law on Labor Relations, the Law on Peaceful Settlement of Labor Disputes, and international labor standards ratified by the country.
Using doctrinal legal analysis as the main research method, the paper evaluates the strengths and shortcomings of the existing arbitration system in practice. Particular attention is given to issues such as voluntariness, enforceability of arbitral awards, and the influence of political and economic pressures on the arbitration process. The paper also critically analyzes the procedural aspects, institutional support, and legal guarantees for the independence of arbitrators, as well as the conditions under which an arbitration decision becomes binding. Enormous focus is given to the challenges in implementation, including limited public awareness, lack of trust among social partners, and the need for stronger institutional capacity. Furthermore, the study uses a comparative methodology, examining arbitration systems in neighboring Balkan countries such as Kosovo, Albania, and Serbia. The comparative analysis strengthens the evaluation of North Macedonia's system and informs policy recommendations for reform.
Findings will indicate that arbitration in North Macedonia holds significant potential to serve as an effective, cost-efficient, and timely method for resolving collective labor disputes, several institutional and legal challenges persist. The paper is finalized with recommendations aimed at strengthening the arbitration system, enhancing trust among social partners, and aligning national practices with international labor standards, ultimately contributing to more stable and equitable labor relations in the country.

Keywords: Collective labor disputes, Arbitration, Peaceful settlement of labor disputes, ADR.

Introduction

The labor relations in the Republic of North Macedonia (RNM) have evolved significantly in recent decades, shaped by the country's political and economic transitions. After its independence and moving toward a market economy, RNM faced the complex challenge of reforming its labor market institutions to align with the democratic values of the state and international labor standards. One of the central questions in this transformational process has been the development of collective bargaining mechanisms. In theory, the legal framework in RNM supports the principles of freedom of association, the right to organize, and the right to bargain collectively, in accordance with conventions of the International Labour Organization (ILO). However, the practical realization of these rights has been discrepant. Issues such as limited union density, employer resistance, lack of capacity among social partners, and weak institutional support continue to undermine the effectiveness of collective bargaining in the country.
The landscape of labor relations is further complicated by the fragmentation of employee unions, which weakens their bargaining power and their unity. Collective agreements, in the

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sectors where they exist, often have limited geographic or sectoral coverage and are not always enforced effectively. One of the main defects in this direction is not involving all workers within our country. That is why experts find themselves before some challenges that suggest the need for a critical examination of the mechanisms designed to facilitate fair and balanced labor negotiations in RNM. In any labor relations system, the existence of accessible dispute resolution mechanisms is important for maintaining labor peace and preventing escalation into strikes or other forms of industrial action. This situation can occur especially when it comes to the usage of one of the "old school" and "traditional" methods - that of judicial procedure for solving the disputes of a labor nature. These mechanisms are frequently criticized for being under-resourced, slow, or procedurally complex – too formal procedures. The lack of confidence in formal dispute resolution often discourages workers from seeking compensation, and on the other hand, increases the potential for unresolved issues in the workplace.
Effective dispute resolution mechanisms play a dual role: they uphold workers' rights and contribute to a stable economic environment by promoting predictability and fairness in employment relationships. Only when the systems function properly, it ensure trust among employees, promote social dialogue, and contribute to broader goals such as democratic governance and sustainable development. This paper aims to assess the current state of labor dispute resolution mechanisms in RNM, with a particular emphasis on its effectiveness, accessibility, and compliance with international labor norms. The research seeks to identify the key legal, institutional, and practical challenges facing dispute resolution mechanisms especially *Arbitration* as such. By providing a critical-based analysis, the paper contributes to ongoing efforts to strengthen relations between employees and employers and promote social justice in RNM.

1. Conceptual framework of Collective bargainging and Collective labor disputes

In order to achieve that great promoted social justice in one country, it is necessary to have a huge engagement in shaping the rights of the employees and working conditions. One of the main actors in this is the employee themselves, who is the most relevant part of the whole process called *Collective bargaining*. In RNM, collective bargaining is considered a fundamental of labor relations that provides workers to have an important position in the process of negotiation of employment terms. "*Collective bargaining is a form of cooperative legitimization of subjects as equal participants in the process of negotiation and agreement at national, sectoral, and employer levels*" (Беловски, Мајхошев, 2017). The process of collective bargaining plays a crucial role in labor relations because it gives to employees a unified voice and greater inclusion when negotiating with employers, especially in industries or workplaces where individual bargaining power is limited. It also helps employers maintain stability and predictability in workforce relations by formalizing rules and expectations. The main aim of the negotiations between the employer and a labor union representing the employees is to reach a collective agreement, which will be considered as a legally binding contract that regulates wages, working conditions, benefits, hours, and other segments of employment. So, collective agreements are the outcome of successful bargaining between the employees and employers. It outlines the agreed-upon conditions of employment, and its object usually covers wages, hours of work, overtime rules, health and safety standards, grievance procedures, leaves, and job classifications. These agreements can differ widely between industries and unions, according to the specific needs and goals of the workers who are involved in this process.
Collective labor disputes in North Macedonia are an important aspect of labor relations, reflecting the dynamic relations between employers, workers, and their unions and associations. These situations appear because of the conflict of interest between the two parties, employees

and employers, and as such are an inevitable part of the labor relations created between of them. These disputes typically arise regarding negotiations over crucial workers' rights such as: wages, working conditions, employment rights, or collective agreements amendments. As a negative consequence of these types of disagreements are organizing strikes as a tool for expressing worker dissatisfaction, interruption of productivity, and similar especially in sectors like education, health care, and public administration that causes significant losses for the employer. The legal framework and institutional mechanisms that address these conflicts are key to ensuring industrial peace and protecting the rights of both workers and employers. The legal and institutional framework that governs labor relations today is primarily built upon the Law on Labor Relations (Law on Labor Relations, 2015), which recognizes the right to organize, to engage in collective bargaining, and to resolve disputes through peaceful means. These rights are further supported by the Law on Peaceful Resolution of Labor Disputes (Law on Peaceful Resolution of Labor Disputes, 2014), which provides mechanisms such as conciliation, mediation and arbitration for resolving both individual and collective labor disputes. Employee unions (syndicates) and employer associations are recognized as key social partners in the process of collective bargaining, especially in sectors where formal collective agreements regulate wages, working conditions, and social benefits. Our legislator divides labor disputes into individual and collective (art. 182 Law on Labor Relations and art. 2 and 3 on Law on Peacful Resolution of Labor Disputes). According to the Law on Peaceful Resolution of Labor Disputes, in its 2nd article, a collective labor dispute is defined as a dispute regarding the conclusion, amendment, supplement, or application of a collective agreement, the exercise of the rights to organize a trade union, or strike. As parties in the dispute usually are those that are the parties of the conclusion of the collective agreement (art.2, para. 2 of Law on Peaceful Resolution of Labor Disputes). On the side of the workers, as representatives and signing party of the collective agreement, mainly appear their organization (syndicate). Of course, it cannot be excluded the possibility that a group of employees or the employees' council to act in this capacity during collective bargaining. The ILO, in its main acts, has foreseen some conditions in order for organizations to be part of the process of collective bargaining. It is Convention No. 154 and Recommendation No. 163, according to which, for the parties to collective bargaining to be recognized by the state, they must be autonomous and defined by national legislation (Беловски, Мајхошев, 2017). On the employer's side, the state can also appear as a party to collective bargaining, particularly in cases involving employees in the administration and public services.

Despite this framework, the practical application of the Law in labor relations in RNM is often considered a huge challenge that weakens institutional capacity, especially when it comes to the protection of the rights and interests of the employees. Another serious issue is the division of the unions of employees. Even though they are numerous, they are also divided, which causes the weakening of their bargaining power. Employers, especially those of the private sector, are more likely to be responsible for avoiding their formal engagement in collective bargaining, viewing it as an endangerment of their economic interests rather than a cooperative process. These structural weaknesses hinder the development of a stable and participatory labor relations system, making dispute resolution mechanisms, including arbitration, more critical.

2. Importance of effective mechanisms for resolving Labor Disputes

Effective resolution of labor disputes, especially those of a collective nature, is essential not only for the protection of workers' rights but also for the stability of industrial relations and the economic environment in our society. In North Macedonia, the persistence of unresolved or poorly managed collective disputes can have negative effects that can also appear even beyond the work environment. They can negatively affect essential services, lowering public trust, and

destabilize sectors that are already vulnerable due to economic and political pressures. Collective labor disputes typically arise in two forms: disputes of rights, where there is disagreement over the interpretation or application of existing laws or agreements, and disputes of interests, those of the employer and employee, where the conflict involves negotiation over new terms and conditions of employment. While courts are generally responsible for resolving most of the disputes that involve the violation of rights, mechanisms such as negotiation, mediation, conciliation, and arbitration play a crucial role in managing labor conflicts. Two main principles describe the function of these methods. *Principle of voluntary,* which allows parties to a collective or individual dispute to freely decide on the peaceful resolution of their labor dispute, and *Principle of independence, neutrality, and impartiality,* according to which in the procedure for peaceful resolution of the labor dispute will participate parties to the dispute and the arbitrator. The arbitrator is obliged to act independently, neutrally, and impartially in relation to the parties or the subject of the dispute (art. 5 and 6 of the Law on peaceful resolution of labor disputes). Among these methods, arbitration stands out as a legally binding method that combines efficiency with the authority of finality similar to that of the judicial procedure, offering a structured and enforceable resolution when negotiations or mediation fail. Also, arbitration is known as "*much more formal than other forms of ADR, mirroring adversarial, court-like proceedings*" (Kumar, 2021). In our legal system, the peaceful mechanisms for solving labor disputes, including arbitration as such are legally supported and covered perfectly in the *"lex specialis",* Law on peaceful resolution of labor disputes, and in Law on labor relations. The peaceful resolution methods of labor disputes is primarily governed by the Law on Peaceful Resolution of Labor Disputes, adopted in 2006 and amended in subsequent years to improve efficiency and accessibility which law establishes formal mechanisms for resolving both individual and collective labor disputes through mediation, conciliation, and arbitration, aiming to reduce reliance on court proceedings and strikes. Additional support for dispute resolution is embedded in the Law on labor relations, which protects the right to collective bargaining and regulates strike procedures, particularly in essential services where a minimum level of service must be maintained. The national framework is built in the same line directed by the ILO Conventions and Recommendations regarding Collective bargaining and peaceful resolution of labor disputes. ILO, in its Conventions and Recommendations, emphasizes that strong dispute resolution systems are essential to upholding the right to collective bargaining and industrial democracy. North Macedonia, as a signatory of multiple ILO conventions, has a legal and moral obligation to ensure that these systems function effectively, particularly in a time of economic and political uncertainty, labor market pressures, and political reform. North Macedonia has ratified several International Labour Organization (ILO) conventions that regulate the peaceful resolution of labor disputes, contributing to the establishment of fair and effective dispute resolution mechanisms in the country. It has ratified ILO Convention No. 154 on Collective Bargaining in 2013 (ILO Convention No. 154 on Collective Bargaining, 2013). It promotes the importance of dialogue and negotiation in resolving labor disputes and encourages the establishment of appropriate procedures for the peaceful settlement of disputes. Another ratified convention by our state in 2013 is ILO Convention No. 151 on Labour Relations (Public Service) (ILO Convention 151, the Labour Relations (Public Service) Convention, 1978). It covers public sector employees, the right to bargain collectively, and the procedures for resolving disputes in the public sector. Also, in the group of accpeted acts of ILO are the Recommendation No. 163 (Collective bargaining Recommendation, No. 163, 1981) known as Collective bargaining Recommendation which offers guidance on the establishment of effective dispute resolution mechanisms and the promotion of social dialogue and Recommendation No. 159 (Labour Relations (Public Service) Recommendation, No. 159, 1978) which offers practical advice on the establishment of dispute resolution procedures, the

role of mediation and arbitration, and the promotion of effective communication between public sector employers and employees.

3. Legal framework on Arbitration as a peaceful resolution method of collective labor disputes in North Macedonia

The resolution of collective labor disputes in North Macedonia is primarily established through the Law on Peaceful Resolution of Labor Disputes Law with direct support towards Arbitration as a form of solving collective disputes of labor disputes. This law provides the backbone for the use of mediation and arbitration in both individual and collective labor disputes. Also, there is the Law on Labor Relations that indirectly supports arbitration by emphasizing the principles of social dialogue, collective bargaining, and peaceful dispute resolution. These laws collectively aim to ensure that labor disputes are resolved efficiently, fairly, and without unnecessary escalation to industrial actions such as strikes.

Arbitration as a peaceful method for solving collective labor disputes is also known as an Alternative Dispute Resolution (ADR) method. Why *Alternative*? Because it is a way that allows the parties to escape from the regular judicial procedure and yet solve their dispute successfully. There are a lot of attempts to give the perfect definition for arbitration. We can say that there are as many attempts as there are experts in this field. The definitions vary regarding the elements covered in those definitions, but even though they are different according to the viewing point of the theoreticians, they all include those main features of arbitration. One of such definitions is that of one of the most eminent French professors who defines arbitration as "*a device whereby the settlement of a question, which is of interest for two or more persons, is entrusted to one or more persons – the arbitrator or arbitrators – who derive their powers from a private agreement, not from the authorities of a state, and who are to proceed and decide the case based on such agreement*" (David, 1985). Also, there are other definitions of arbitration that are more comprehensive such as: "*arbitration means determination of a dispute by one or more independent third person rather than by a court*" (Kumar, 2021). From the above definition, it can be concluded that the power and authorization of the arbitrators in bringing binding decisions for both parties in the dispute is possible only after the delegation of the jurisdiction of the state courts to the private court of Arbitration. That delegation occurs only after the parties in the dispute signs the arbitration agreement that delegates the power to the arbitrator or arbitrators to finally resolve the dispute. In North Macedonia there is a special law that governs arbitration procedure especially when the foreign element is present in trade disputes – Law on international trade arbitration from 2006 where arbitration is defined as "*any arbitration regardless of whether its organization is entrusted to a permanent arbitration institution*" (art. 2, p.1 of Law on International Trade Arbitration in RNM). Law on labor relations also provides the legal bases for using arbitration in solving collective and individual labor disputes (art. 182, Law on Labor Relations). According to articles 183 and 235 of the Law, arbitration is considered a suitable method for solving, especially the collective type of disputes that can arise in the labor relations between unions of employees and those of employers. The unions of employees and employers can decide to foresee in their collective agreement arbitration as a method of solving their dispute related to the collective agreement that is signed by both parties regarding its application or sometimes for its interpretation. Today, it can be said that a significant number of the collective agreements signed in the territory of our country include such a clause. The procedure in front of an arbitrator or arbitrators, more specifically is regulated with the General Collective Agreement, whether in the public (General Collective Agreement, 2023) or private sector, (General Collective Agreement in the private sector in the field of Economy, 2012; 2013; 2014, 2015, 2016).

Often, arbitration and the procedure led by arbitrators is a topic of discussion and criticism by experts and theorists who belong to the group of processualists, but also of arbitrators. This is due to the fact that these individuals who direct numerous criticisms towards the arbitration procedure are of the opinion that arbitration should not be considered as part of the group of peaceful dispute resolution procedures, including labor disputes, but that it has a more deserved place in the group of judicial procedures. The argumentation of this opinion is to some extent appropriate, because in fact the arbitration procedure in itself and its elements are very similar to the contentious procedure or the judicial procedure. This similarity can start from the position and authority of the arbitrator, which is the same as that of the judge in judicial proceedings. We have the decision as well, which is final and binding on the parties, and it also represents an enforceable document that immediately activates the enforcement procedure if it is not fulfilled voluntarily by the party, just like in a judicial procedure. This is the main critique that is given to Arbitration as a peaceful method of solving disputes. In arbitration, the arbitrator bases its final decisions on evidence and arguments provided by the parties at the arbitration hearing. In fact, this "*feature of arbitration lies in the fact that arbitrators are empowered to render a final, binding and enforceable decision*" (Ferrari, Rosenfeld and Fellas, 2021). Also, in terms of the space where the entire procedure takes place, that is, in the Permanent Court of Arbitration, is same like in the organization and development of the judicial procedure in the state courts. So, all these features of the procedures are in favor of the attachment of the arbitration procedure to the group of judicial procedures. But there is one point where these two procedures differ, although in fact they have many other points in common. It is the declaration of the will of both parties that activates this procedure, which differs from the judicial procedure, where the will of only one party is enough to initiate the contentious procedure, while the other party is obliged to be part of the process, whether like it or not.

The collective agreement is the one that determines the composition, procedure, and other issues significant for the work of the arbitrator and its procedure (art. 183, para. 2, Law on labor relations). It gives a comprehensive account of the arbitration procedure in solving collective disputes between the employees and employers. In the event of a collective labor dispute, any of the parties to the dispute can submit a proposal for arbitration proceedings within 8 days from the date of the dispute, i.e., from the date of the termination of the conciliation proceedings (art. 51, para. 1 of General Collective Agreement in private sector in the field of Economy). So, the initial act that turns on the arbitration procedure right after the occurrence of the dispute is the proposal, which is sent from the disputed party to the other disputed party, always respecting the legal deadline foreseen by the lawmaker (8 days). The second step after the proposal is accepted by the party to which it was offered, is arbitration as a way of solving their collective labor dispute, is the selection of the arbitrator/arbitrators, depending on the complex nature of the dispute. This means that there are no limitations when it comes to the number of arbitrators jointly selected by the parties. According to the General Collective Agreement in the private sector, the selection is done from the List of Arbitrators. In case the parties to the dispute cannot agree on the appointment of an arbitrator, the ministry responsible for labor affairs has the authority to appoint one from the Registry (art. 12 of Law on Peaceful Solution of Labor Disputes). The arbitrator will be obliged to schedule a hearing within 5 days from the day of receiving the proposal for initiation of the arbitration procedure. The authorized representatives of the parties to the dispute (those of the unions of employees and of the employer) will be summoned to the hearing. The arbitrator conducts the hearing, takes statements from the parties to the dispute and from other persons in the proceedings, presents evidence, and ensures that all facts relevant to the decision are presented during the proceedings. The parties to the dispute have the right to state their views before the arbitrator on the subject matter of the dispute and to respond to the allegations of the other party to the dispute. The parties to the dispute have the right to make a closing statement at the hearing. If the arbitrator considers that the subject matter

of the dispute has been discussed in a manner that allows for a decision, he or she shall conclude the hearing. The arbitrator will issue a decision containing: 1) name, surname and address, i.e. name and registered office of the parties to the dispute; 2) decisions dispositive; 3) explanation part of the decision; 4) date of issue of the decision and 5) name, surname and signature of the arbitrator (art. 35 of Law on Peaceful Solution of Labor Disputes). The decision brought in the arbitration procedure cannot be an object of appeal and, as such is final and enforceable on the day of its delivery to the parties to the dispute. In case the decision establishes that the action subject to enforcement may be carried out within the set deadline, the decision will become enforceable upon the expiry of that deadline. Another legal deadline provided by the lawmaker that shows the urgency of solving these disputes is the short period reserved for the conclusion of the arbitration procedure. According to article 51, paragraph 7 of the General Collective Agreement in private sector, the arbitration proceedings must be concluded within 15 days from the date of the dispute.

4. Comparative overview of Arbitration in solving collective labor disputes in the region

Arbitration as a peaceful mechanism for solving collective labor disputes is considered an alternative to the traditional judicial procedure in the Balkans as well. This part of the paper will provide a comparative examination of the arbitration legal frameworks in resolving collective labor disputes in Albania, Kosovo, and Serbia, highlighting legal structures, institutional practices, and the challenges these countries face. Arbitration in Kosovo serves as an alternative dispute resolution (ADR) mechanism, offering a faster and more flexible approach to resolving collective labor disputes compared to traditional court proceedings. Kosovo's legal foundation for arbitration is established through the Law on Arbitration (Law on Arbitration, 2007). This law is formulated based on the UNCITRAL Model Law (UNCITRAL Model Law on International Commercial Arbitration, 1985, as amended in 2006) and provides a comprehensive framework for arbitration proceedings. It emphasizes party autonomy, allowing disputing parties to agree on arbitration clauses in their contracts. In Kosovo, the first step for the introduction of the ADR methods, including arbitration as such, was taken by the Chamber of Commerce and the American Chamber of Commerce in Kosovo. The American Chamber of Commerce has established centers to facilitate ADR, known as "ADR Center" (art. 2, Charter of the Arbitration Center at the American Chamber of Commerce in Kosovo). These institutions, together with the Permanent Tribunal of Arbitration of Kosovo, offer arbitration services primarily for commercial disputes and other disputes that are arbitrable for being solved through this method. One of those disputes for sure is collective labor disputes, even though they are not explicitly foreseen in the legal framework of Kosovo.

In Albania, the resolution of collective labor disputes primarily relies on mediation and conciliation mechanisms, while arbitration remains a relatively underdeveloped and rarely applied method. The legal framework governing collective labor disputes reflects this emphasis on non-binding dispute resolution processes, with arbitration positioned as a less prominent option. This situation has significant implications for labor relations and dispute resolution efficiency in the country. The principal legal instrument regulating collective labor disputes in Albania is the Labor Code (Labor Code of Albania, 2015), which outlines the procedures for resolving conflicts between employers and employees, particularly in the context of collective bargaining and industrial actions. According to the Labor Code, collective disputes should first be addressed through mediation and conciliation efforts, which involve voluntary negotiations facilitated by third-party mediators or conciliators. Unlike several neighboring Balkan countries such ours, Albania's legal framework does not provide a comprehensive or explicit institutional basis for arbitration in collective labor disputes. Currently, the Labor Code and related legislation do not establish a formal arbitration process for labor disputes or designate specific

institutions responsible for administering arbitration in this field. Despite this, Albania is a party to international treaties that recognize and facilitate arbitration in commercial and civil matters, such as the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (United Nations, 1958). This ratification ensures that foreign arbitral awards are enforceable in Albania, which theoretically opens a pathway for arbitration in labor disputes involving multinational companies or cross-border issues. However, domestic arbitration in labor matters remains largely informal or ad hoc and is seldom used in practice.

Serbia's system for resolving collective labor disputes is known for its mixed arbitration-mediation model, which is a hybrid approach that aims to combine the benefits of both mediation and arbitration within a unified institutional framework. Serbia's legal framework for resolving collective labor disputes through arbitration is well established and institutionalized, reflecting the country's commitment to alternative dispute resolution (ADR) mechanisms. The primary legislative instrument governing this area is the Law on the Peaceful Settlement of Labor Disputes (Law on the Peaceful Settlement of Labor Disputes, 2004). This law sets out a comprehensive procedure for addressing both individual and collective labor disputes via conciliation, mediation, and arbitration. Arbitration serves as a secondary mechanism right after mediation when mediation or conciliation fails to provide a settlement. The process is voluntary, requiring the mutual consent of both parties, that of the employers and the employees' representatives. A distinctive feature of Serbia's approach towards ADR mechanisms is the establishment of the Republic Agency for the Peaceful Settlement of Labor Disputes as a specialized public institution. The Agency maintains a roster of qualified conciliators and arbitrators, ensuring that labor disputes are handled by professionals with expertise in labor law and industrial relations. This institutional framework enhances the accessibility, efficiency, and credibility of arbitration in labor disputes.

5. Recommendations and Conclusion

Based on the findings and analysis presented in this paper, it is evident that while arbitration has a recognized legal status in North Macedonia's labor relations system, its practical use and impact remain limited. To enhance the effectiveness, accessibility, and credibility of arbitration in collective labor disputes, the following recommendations are proposed: Legal and Procedural Reform to Clarify Legal Provisions. This means that one of the recommendations is that the Law on Peaceful Resolution of Labor Disputes be amended in order to be clarified and define procedural aspects of arbitration, including the initiation process, selection of arbitrators, timelines, and mechanisms for dealing with non-cooperative parties. This recommendation is followed by another one, the introduction of Mandatory Arbitration, especially for certain categories of interest disputes, such as those that affect public services or national economic stability, while maintaining safeguards for neutrality and fairness. To achieve a successful outcome from the arbitration procedure, it is recommended that the Enforcement Procedures after the arbitration procedure be simplified in order to establish a fast mechanism for the enforcement of arbitral awards, reducing the dependence on lengthy court procedures and ensuring that arbitration remains a meaningful alternative to litigation. Institutional strengthening and cooperation, for sure, play a huge role in achieving that so much-desired success of the arbitration procedure. This can be possible through strengthening the capacity of the State Commission for Peaceful Resolution of Labor Disputes by increasing its budget, staffing, and logistical resources, and by establishing regional offices to improve access for workers and employers outside major cities. Also, another factor that plays a huge role is creating a transparent and merit-based selection system for arbitrators, accompanied by regular training and professional development programs to ensure quality, consistency, and impartiality in decision-making, i.e., developing a permanent roster of arbitrators. Being familiar with the

main reason that causes arbitration to be unsuccessful in our country is the lack of information among our citizens. That is why one of the recommendations is organizing Awareness Campaigns led by the Ministry of Labor and Social Policy in cooperation with employee unions and employer associations, to inform workers and businesses about the benefits and procedures of arbitration. Also, Educational Programs for alternative dispute resolution of labour nature must be incorporated into legal education curricula, and offer specialized training for union representatives, HR workers, and employer representatives. And, the most effective recommendation was saved for the last, strengthening the tripartite dialogue. Of course, it is possible only by encouraging broader participation of social partners, employees' unions, employers, and the state itself, gathered together for the purpose of shaping and monitoring dispute resolution policy, ensuring that reforms will achieve both practical and representative goals. From the comparative approach, it can be concluded that the arbitration frameworks in Serbia, Kosovo, and Albania reflect a shared commitment to alternative dispute resolution in collective labor disputes. However, the practical application of arbitration is hindered by various challenges, including limited institutional support, a lack of awareness, and a preference for judicial resolution. Addressing these challenges and by learning from each other's experiences and adopting best practices, these countries can improve the effectiveness of arbitration in resolving collective labor disputes and, in that way, contribute to social peace and labor relations in the region.

While the country has taken important steps in harmonization its labor legislation with international standards, including those of the International Labour Organization, the gap between legal provision and its actual application in practice remains significant. Arbitration offers a valuable tool for resolving disputes of interest in a way that is binding, impartial, and less adversarial than court proceedings. However, in North Macedonia, its underusage reflects serious issues in the labor relations system. It is recommended that a combination of legal reforms, institutional cooperation, employees, employers, and social dialogue be implemented in order for the role of arbitration can be significantly strengthened. Doing so would not only reduce the number of labor disputes but also promote a culture of peaceful conflict resolution and strengthen the principles of social partnership.

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