

## ABSTRACT

The strength of globalisation, through transnational corporations and banks, global consumption norms, world ideologies, international authority structures, not only embodies global-local spatial nexus, but also severely impacts the local development, such as the local centres, industrial cities, and global cities. Therefore, the issues of local economic development and the governance of cities have taken on heightened importance in recent decades. Consequently, due to a neglect of non-economic factors, the development of institutions of governance and the creation of institutional capability, which focus on the research of governmental strategy, enterprise cooperation and partnership, and social capital, has become an important strategy in local responses to globalisation. In other words, as indicated by the institutionalists, the institutional factors and thickness have come to play a key role in the changing globalization that can form a unique locality and promote the local development following a well-construction of institutional embeddedness.

Taiwan adopted the "Export oriented industrialization; EOI" to connect with the world economic system since the 1970s, it has involved and is evolving in the globalisation impact and structural change of the economy. This study discussed the local development based on theories of regulation and institution to endeavor a theoretical realisation of local development and empirical studies in Taiwan. The results can explain the reality of local development in Taiwan: (1)the local development is involve in three spatial levels, external structure of global nexus and national policies, and internal institutional capacity; (2)the external structure environment emphasize the importance of state, which not only engage in the institutional linkage between economy, politic and society but also strengthen the state effect on the process of regulation and institution; (3)the internal capacity of institution highlight a local self-learning and creative institutional ability with a cooperative nexus of governmental agendas, institution and mechanism, agent interactive networks, and local consciousness. In addition, although the external environment owns a powerful force to restructure local representations even produce an effect on a phenomenon of uneven development, a construction local institutional thickness and a promotion of local self-managed ability, in recent decades, can gradually formulate a turnover of local development. The case of I-Lan in Taiwan represents a successful cultural strategy to lift an opportunity of local redevelopment but has to make it embedded into local society and economy. The development of Hsinchu area, although the advantage of high-tech industries, a good position of global economic nexus, and a great support of the state raise a higher competition but should furthermore overcome a crisis of institutional weakness on the society.

However, we need to awake a crisis of institutional inertia and disconnected social interactions because of overloaded supports from the state. Meanwhile, the local institutional embeddedness and thickness should have an insight into a global nexus, a social capital, and a definite perspective. The external regulations can be identified as an advantage of local development and the institution should be highlighted its effect on local governance. It is a critical issue to be aware of influences of the state strategies in harmony with cooperative and appropriate distributions of resources.

**Keywords:** local development, regulation, institutional form