

## **Abstract**

In the context of the deepening and expansion of globalisation over the past two decades, foreign direct investment (FDI) flows have boosted the economies of many countries. And emerging markets, represented by the Central and Eastern Europe (CEE) region and China, have enjoyed economic growth and even take-off during the process. Meanwhile, various income inequalities have been deeply affected by it. Thus, understanding the role of FDI inflows can help countries in emerging markets better balance the relationship between economic growth and income equality to achieve more sustainable development in the long run.

Through the critical literature review, it can be found that there is sufficient literature on the impact of FDI inflows on overall income inequality and systematic conclusions have been drawn. However, for gender income inequality, the related works are less and relatively weak. Although the emerging market is a popular research topic nowadays, there are not many studies that include the CEE region and China, which have similar political background and economic characteristics, in their analyses together. Therefore, this paper hopes to explore the impact of FDI inflows on overall income inequality and gender income inequality in the two regions over the two decades from 2000 in detail and in depth. STATA is used to conduct baseline regression analyses on data from major international authorities, and subsequent tests for lagged effects, heterogeneity and moderating effects are undertaken to further refine the conclusions. Also, robustness tests are successfully performed. Ultimately, the main conclusion is that for the five countries in the CEE region and China, the impact of FDI inflows on overall and gender income inequality is found to exacerbate them both. Furthermore, education has a mitigating moderating effect. Also, the impact of economic growth and some of the governance indicators considered in the model varies. In the end, some policy recommendations are proposed, stressing the necessity of adjusting the orientation of FDI flows, enhancing education efforts and optimising the

governance environment, and other measures. Thereby, it is hoped that the positive effect of FDI inflows on overall and gender income inequality can be reduced and social equity and harmony can be promoted.