

The purpose of this thesis is to shed more light on the determinants for attracting foreign direct investment (FDI) into the regions in case of Russia. As a novel contribution to the general literature on FDI, a new variable of quality-of-life, which has not been used in previous works, is tested for its impact on FDI. Using a sample of 70 regions for the year 2013, we find that the two variables have the strongest effect on determining FDI inflows towards Russia: gross regional product and investment risk. While other variables as regional population, quality-of-life index, educated population, level of industrialization and transportation are found not to be significant. This implies that most regions in Russia have similar level of development, which makes them not different from their neighbours, and hence not attractive for foreign investors.