



Pharmacy Business and Corporate Governance Tenets in South-West Nigeria

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Abstract

Original Research Article

Community pharmacies constitute a critical component of Nigeria's primary healthcare delivery system, particularly in South-West Nigeria where population density, urbanisation, and pharmaceutical demand are relatively high. Despite their strategic importance, the majority of pharmacy businesses in the region operate as small and medium enterprises (SMEs) or family-owned establishments with weak or informal corporate governance structures. This study examines the application of corporate governance principles to pharmacy business practice in South-West Nigeria and proposes a context-specific governance framework aimed at improving regulatory compliance, patient safety, financial sustainability, and long-term scalability.

A structured narrative review of statutory regulations, professional guidelines, and peer-reviewed literature relating to pharmacy practice, SME governance, and healthcare regulation was undertaken. Core governance tenets—including regulatory compliance, ownership and organisational structure, oversight mechanisms, financial control, risk management, ethics, stakeholder engagement, and succession planning—were synthesised and adapted to the operational realities of community pharmacies. Region-specific challenges such as unreliable power supply, circulation of counterfeit medicines, uneven distribution of registered pharmacists, and limited access to formal finance were identified and matched with pragmatic governance-based mitigation strategies.

The study proposes a four-layer integrated governance framework and introduces a 22-point governance monitoring scorecard designed for routine self-assessment and regulatory readiness. Practical governance tools, including a regulatory compliance checklist, governance charter outline, and incident reporting template, are presented to facilitate low-cost implementation. Policy implications for regulators and professional bodies are discussed, and directions for future empirical research are outlined.

This paper contributes a context-adapted corporate governance model that bridges regulatory expectations and everyday pharmacy operations, offering actionable guidance for pharmacy owners, managers, regulators, and researchers in South-West Nigeria.

Keywords: Community Pharmacy, Corporate Governance, SMEs, South-West Nigeria, Patient Safety, Pharmacy Regulation.

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1. Introduction

Community pharmacies serve as the most accessible healthcare facilities for many Nigerians, providing medicines, pharmaceutical care, health education, and public-health services. In South-West Nigeria—comprising Lagos, Ogun, Oyo, Osun, Ondo, and Ekiti States—pharmacy businesses operate within dense urban centres as well as semi-urban environments characterised by intense competition and strict regulatory oversight.

While clinical competence remains central to pharmacy practice, the sustainability and credibility of pharmacy businesses increasingly depend on sound corporate governance. Corporate governance refers to the system of rules, practices, and processes by which organisations are directed and controlled. In the pharmacy sector, governance failures can translate into regulatory breaches, medicine quality lapses, financial losses, and compromised patient safety.

Most community pharmacies in Nigeria operate as SMEs, often with owner-manager structures and informal decision-making. This reality necessitates governance models that are both compliant with statutory requirements and feasible for small businesses. This paper addresses this gap by developing a pharmacy-specific governance framework tailored to South-West Nigeria.

1.1 Objectives of the Study

The objectives of this study are to:

Examine the relevance of corporate governance principles to community pharmacy practice in South-West Nigeria.

Identify governance challenges specific to pharmacy SMEs in the region.

Propose a practical, context-adapted corporate governance framework for community pharmacies.

Introduce a governance monitoring scorecard suitable for routine assessment and research application.

2. Regulatory and Institutional Context of Pharmacy Practice in Nigeria

Pharmacy practice in Nigeria is governed by multiple regulatory institutions. The Pharmacy Council of Nigeria is responsible for the registration of pharmacists, licensing of pharmacy premises, and inspection of pharmaceutical facilities. The National Agency for Food and Drug Administration and Control regulates the manufacture, importation, distribution, and quality assurance of medicines and pharmaceutical products.

In addition, pharmacy businesses must comply with general corporate and financial regulations overseen by the Corporate Affairs Commission and governance principles articulated in the Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria. These frameworks collectively define the legal and ethical boundaries within which pharmacy businesses must operate.

3. Conceptual Framework: Corporate Governance in Pharmacy SMEs

Corporate governance theory has traditionally focused on large corporations; however, its principles are equally applicable to SMEs with appropriate adaptation. Agency theory, stewardship theory, and stakeholder theory provide useful lenses for understanding governance in pharmacy practice, where owners, pharmacists, patients, regulators, and communities interact within a regulated healthcare environment.

4. Governance Tenets Applied to Community Pharmacies

4.1 Regulatory and Legal Compliance

Effective governance requires systematic compliance with licensing, inspection, and documentation requirements

4.2 Ownership and Organisational Structure

Clear ownership structures and defined managerial roles reduce conflicts and enhance accountability.

4.3 Oversight and Accountability

Internal checks, external audits, and advisory mechanisms support transparency.

4.4 Financial Control and Reporting

Robust financial controls improve sustainability and access to finance.

4.5 Risk Management and Patient Safety

Standard operating procedures and incident reporting systems mitigate operational and clinical risks.

4.6 Ethics and Professional Conduct

Ethical standards preserve public trust and

professional credibility.

4.7 Stakeholder Engagement and ESG

Responsible employment practices and community engagement enhance legitimacy.

4.8 Succession Planning and Business Continuity

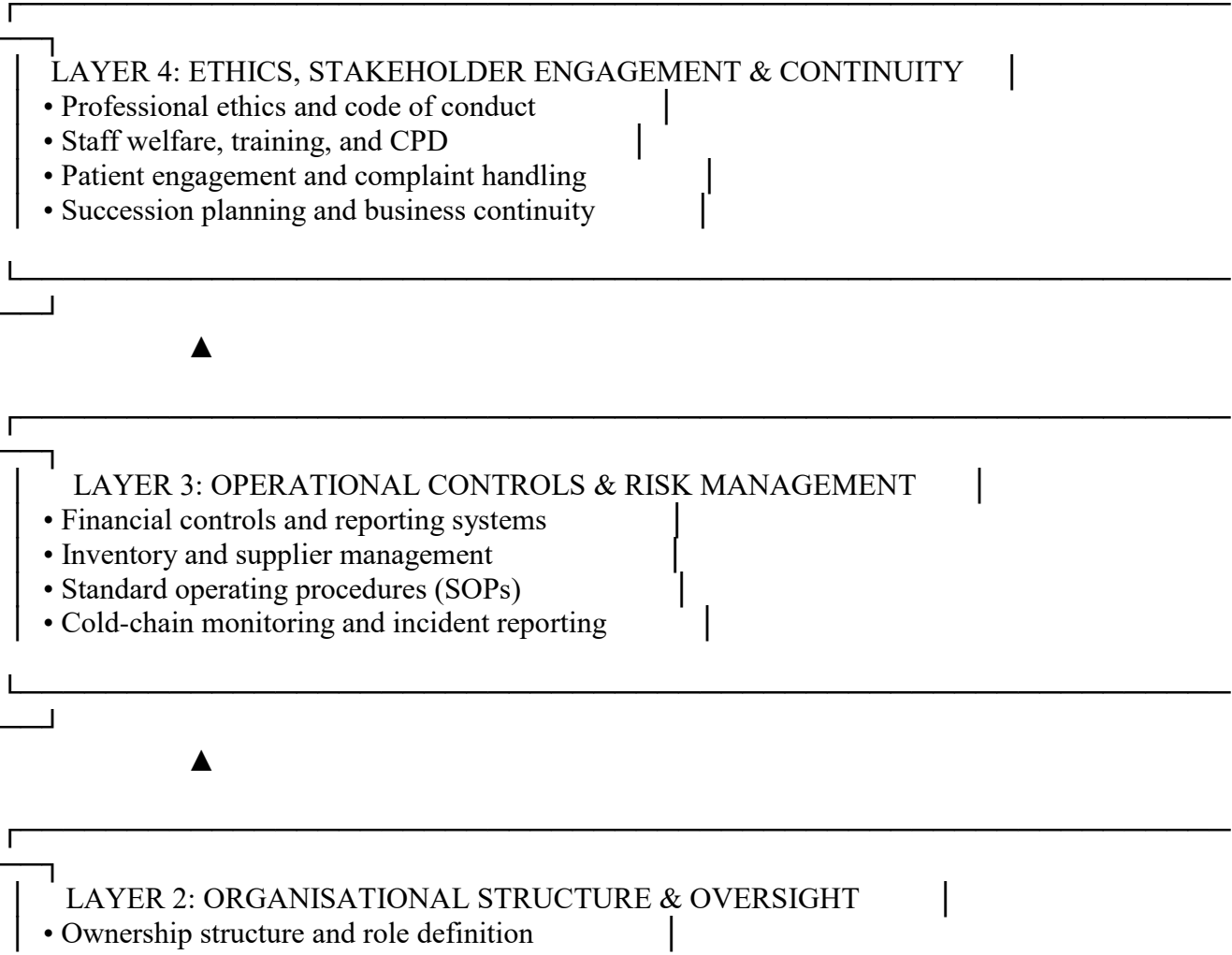
Continuity planning ensures uninterrupted service delivery.

5. Integrated Corporate Governance Framework

The proposed framework consists of four interrelated layers illustrated in Figure 1.

Figure 1. Integrated Corporate Governance Framework for Community Pharmacies in South-West Nigeria

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- Management accountability
- Advisory support, audits, and supervision



LAYER 1: REGULATORY & LEGAL COMPLIANCE (FOUNDATION)

- Pharmacy premises licensing
- Pharmacist registration and supervision
- Medicine regulation and quality assurance
- Corporate registration and statutory compliance

6. Methodological Pathway for Empirical Validation

Future studies may adopt cross-sectional or

mixed-methods designs involving structured questionnaires, observational audits, and key informant interviews across multiple states in South-West Nigeria.

7. Governance Monitoring Scorecard

Table 1: Governance Monitoring Scorecard for Community Pharmacies

Domain	Indicators	Max Score
Regulatory readiness	Licensing, registration, inspections	6
Operational controls	Financial systems, inventory, SOPs	7
Ethics & staff governance	Code of conduct, CPD, complaints	5
Continuity & resilience	Succession, backup systems	4
Total		22

8. Practical Governance Tools for Pharmacy SMEs

The study proposes low-cost governance tools including compliance checklists, governance charters, and incident reporting templates.

9. Context-Specific Challenges and Mitigation Strategies

Challenges such as power instability, counterfeit medicines, workforce shortages, and limited financing are addressed through governance-

based solutions.

10. Policy Implications

Regulators should promote simplified compliance mechanisms, while professional bodies should integrate governance training into continuing professional development programmes.

11. Limitations of the Study

This study is conceptual and based on secondary

data. Empirical validation is required.

12. Conclusion

Strong corporate governance is essential for the sustainability, credibility, and patient-safety performance of community pharmacies in South-West Nigeria. The proposed framework and scorecard provide practical tools for improving governance practice within the realities of pharmacy SMEs.

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